THE MID-[illegible]T AGRICULTUR[illegible]L [illegible] FOR LEGISLATIVE RELIEF SINCE THE [illegible]R

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INTRODUCTION

"Farm Relief"--these two words, or other phrases having a similar meaning, have had a prominent place in the newspaper and farm magazine headlines and editorials for the past eight years. Why has this been the case? The agricultural industry suffered great financial reverses in the deflation period beginning in 1920. Because of this, the leading farm organizations of the country have sought, largely through legislative means, to place agriculture on an economic parity with other industries.

Purpose

Although the writer recognizes the fact that much has been written, still, no work, so far as he knows, has been devoted entirely to a continuous story of the efforts of farm organizations to secure the legislative measures to which they believed the industry to be entitled. The writer's interest in the subject prompted him to attempt, being limited because of scattered source materials and of knowledge of the many farm organizations, to relate this story since the close of the World War.

This work has not been developed with any idea of criticism of what has or has not been done in a legislative

way for the agricultural industry. No attempt has been made to justify in an economic sense the various proposals which have been put forth by farm organization leaders, congressmen, industrial leaders, various commissions, and conferences. On the other hand, the writer has endeavored, in a historical way, to develop a continuous story of how the farm organization leaders have endeavored to secure remedial legislation from congress.

Method

The writer had used the source material which was available in the library of the Kansas State Agricultural College, together with some collections of Dr. W. E. Grimes of the Department of Agricultural Economics and material from the American Farm Bureau Federation. Most of the material available has to do with the economic arguments for or against proposed laws. The writer has made extensive use of the files of Wallaces' Farmer, a farm magazine published at Des Moines Iowa. While this magazine might be classed as radical, nevertheless it has printed accounts of what the farm organizations did. The writer feels as though this farm magazine spoke quite authenically of what the farm organization leaders wanted as it was published at the place where they held many of their meetings. An

effort has been made to check up the agricultural situation using the Yearbooks of the United States Department of Agriculture as a guide, when various demands were being made by the farm organization leaders. Various other farm magazines, current magazines, books, and reports of conferences and commissions have been used.

Since legislation is a political matter, the farm organizations have gone into politics somewhat to do their work. To keep in touch with this, some attention had been given to the presidential contests of 1920, 1924, and 1928 to determine whether the platforms of the political parties were giving any heed to the demands of agricultural organization leaders.

The period to which the thesis has been devoted, 1918 to 1929, divides itself quite readily into two periods as far as the demands for legislative relief are concerned.

The first period dates from 1918, with the dissatisfaction with price fixing and a demand for its discontinuance. This period is continued during the depression and deflation years with a demand for adequate agricultural credit and the right of agricultural, cooperative organizations to operate without the liability of prosecution for violating the anti-trust laws. These demands were quite well satisfied by 1923.

The second period dates from 1923 to the present time, 1929, and deals with the demand of farm organization leaders for national legislation which would create some kind of a government agency to handle the surplus of those crops which is produced beyond the demands of domestic consumption. In other words, they demanded a government export corporation. In the end, their demands were turned down by an executive veto, sustained by a vote of the Senate and by a popular vote of the voters in the Presidential contest of 1928. The farm relief bill passed by the special session of the 71st Congress and signed by President Herbert Hoover does not, in all its provisions, meet the demands of the past five years of farm organization leaders.

DISSATISFACTION WITH GOVERNMENT PRICE FIXING OF CERTAIN AGRICULTURAL PRODUCTS DURING THE WORLD WAR

The demand for legislative relief on the part of farm organization leaders following the World War has its setting, in part, back in the years of 1917-1918 when this country was engaged in that war.

It has always been a well accepted fact that it was difficult to cure an economic ill by legislation. It might be done for a time if the party or group affected was strongly enough intrenched in the government agencies. A conservative group of people would surely be the last to ask for legislative relief which might operate counter to economic laws. The farmer group or class of people is generally accepted as a conservative one. That being the case it would seem that something must have happened to cause the agricultural people to seek economic relief through legislation. At any rate they must have become quite dissatisfied with certain conditions.

We will learn later in this thesis that the farm organization leaders were much opposed to Herbert Hoover. This was due to two causes: First, they felt that the policies of the Food Administration were not administered in the best interests of the farmers; Second, there was a feeling

that Mr. Hoover, while Secretary of Commerce in the Harding administration, had endeavored to have certain functions of the Department of Agriculture transferred to the Department of Commerce. The farm organization leaders charged Mr. Hoover with saying that the work of the Department of Agriculture should deal with the production of farm products and that the marketing of these products should come under the surveillance of the Department of Commerce.[1]

Fixing the Price of Wheat

Although Iowa is not a great wheat producing state, it is possible that it reflects the thoughts of many farmers as to the Food Administration's fixing the price of wheat. It will be remembered that congress declared war against the German Government on April 6, 1917. Many laws were passed in order that the war might be prosecuted most vigorously. One of these acts was the Food Control Act passed by congress and signed by the President on August 10, 1917.

This law had no sooner been enacted than dissatisfaction with the matter of price fixing and especially with fixing the price of grains became apparent.[2] "The fixing of

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1. "Annexing the Dept. of Agriculture," in Wallaces' Farmer, Vol. L (March 6, 1925), pp. 333 and 347.
2. Wallaces' Farmer, Vol. XLII (August 15, 1917), p. 1128, editorial.

grain prices is altogether a different proposition. [The writer favored fixing the price of manufactured articles] No man can tell in advance what it costs to produce a bushel of grain. It may cost 50 cents, $1.00 even $2.00 per bushel, depending upon the weather, the availability of labor, etc. Fixed prices for manufactured goods may bear a very close relation to the cost of production, but fixed prices for grains are almost certain to bear no direct relation to production costs. Fixed prices for manufactured products may be fairly just both to the manufacturer and to the consumer of manufactured goods, but fixed prices for grain are almost certain to work an injustice to either producer or consumer. With grain prices fluctuating as they do at present from day to day to meet changing conditions, they approximate in a rough way, over a series of years, the actual cost of production, and in the long run work no serious injustice to either producer or consumer."[3]

There appeared to be no objection to the appointment of Mr. Hoover as Food Administrator but there was some uneasiness shown when the committee appointed to determine the price which the government would guarantee for the 1917 wheat crop began its negotiations. "Naturally there is much apprehension among farmers as to the price which will

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3. Ibid.

be fixed for the 1917 wheat crop, because the price fixed on wheat will influence the price of all other grains and of livestock as well. The influence of perhaps a majority of this committee will be for a low price. The purpose of the law is to reduce prices, and that is what Mr. Hoover is expected to do. Suggestions that the law was necessary to protect the farmer against a demoralized grain market will not be taken seriously. We have a short wheat crop this year, almost 20 per cent below the average of the past five years. The price for next year's crop has been fixed by congress at $2.00 per bushel. Considering these two most important facts, the price of the 1917 crop should not be less than $2.50 per bushel and the farmer representatives of the price fixing committee should insist upon this."[4]

The farm representatives of this committee referred to were: Charles J. Barrett, president of the National Farmer's Union; L. J. Tabor, master of the Ohio State Grange; Henry J. Waters, president of the Kansas Agricultural College; Ed. F. Ladd, president of the North Dakota Agricultural College; J. [illegible]. Shorthill, secretary of the National Council of Farmers' Co-operative Associations and Eugene E. Funk, president of the International Corn Association.[5]

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4. Ibid., (August 24, 1917), p. 1152, editorial.
5. Ibid.

It can be quite readily seen that if the price of wheat was to be fixed the farmers hoped for a high price. This committee fixed the price of the 1917 wheat crop at $2.20 per bushel for No.1 northern wheat at primary markets. This was not as much as the farmers had hoped for as may be seen from the following statement.

"Looking at it from the cost of production alone, and eliminating from this cost of production the value of the fertility used in making the crop, the price fixed by the committee is perhaps a fair price. Looking at it, however, from the standpoint of the wheat available and the demand for it, the price is too low. If the government had not fixed a price, but had allowed the law of supply and demand to operate, the price would very likely have been considerable above $2.50, even if there had been no unwarranted speculation. The fixing of the price will unquestionably prevent the farmer from receiving the profit that would have been his under normal conditions of trade."[6]

An individual farmer's viewpoint may serve to show how many farmers lost confidence in the Food Administration's policies. "A great mistake this Food Administration has made in its endeavor to fool the farmer. Let them deal with us in a straightforward and above-board manner and we

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6. Ibid., (September 7, 1917), p. 1200, editorial.

will come a great deal nearer co-operating with them than if they continue to endeavor to keep us in the dark as to their intentions. Last summer when the price of wheat was set, had they told us at the time that they were setting it to keep the price down, instead of telling the farmers that their intention in setting the price was to keep the speculator from putting the price down, we would have been better satisfied than we were when the 'cat was out of the bag', and we found out their intention in the first place was to keep the price of wheat from soaring. The price was not set until September. Was this the time to set the price on the winter wheat crop?"[7]

Further disapproval of the Food Administration's policy would be the judgment of one after reading the resolutions which the Illinois Farmers' Institute drew up in a letter which was addressed to President Wilson.

"Whereas, the food situation is so serious as to threaten a national crisis; and

"Whereas, unless the government at once adopts a strong and unequivocal agricultural policy, nothing but a season much more favorable than normal can prevent a food shortage bordering on famine; and therefore, be it

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7. Idem., Vol. XLIII (February 8, 1918), p. 240.

"Resolved, that we call the attention of the President of the United States to the following facts:

1. "The attitude of the Food Administration is tending to shake the confidence of farmers in its good faith, and is seriously affecting the morale of our agricultural population.....

2. "The National Food Administration announced last fall that it would do everything possible to maintain a minimum price of $15.50 for this winter's run of hogs, and urged farmers as a patriotic duty to increase the meat supply by feeding hogs to heavier weights. The Food Administration announced that there was a crying need for fats. Now that these heavy hogs are coming onto the market, the packers are discounting them heavily. The packers are under government control, and farmers can not help but question the action of the Food Administration in allowing them to take advantage of the man who put surplus weight on his hogs at a heavy expense."[8]

Those who were opposed, seemingly, to price fixing were not always consistent in their opposition because they favored the action of the United States Senate in setting the maximum price of No.2 wheat at local elevators at $2.50

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8. "Message to the President," in Wallaces' Farmer, Vol. XLIII (March 8, 1918), p. 445.

per bushel.[9]

Concerning the whole matter of price fixing the farmers objected to the prices being fixed on the articles they produced when the prices of a number of articles which they purchased were not fixed. In regard to the Ayres joint resolution introduced in congress in the spring of 1918 and which would have extended the price fixing administration to the prices of wearing apparel, hides, leather, cotton, wool, meat, livestock, various grains, utensils, implements, machinery and equipment, this editorial comment was made:

"This is a very dangerous resolution. We have gotten far enough into the matter of price fixing on agricultural products to see its utter impracticability and the danger of extending it. It is quite true that prices on many agricultural products are now being controlled by indirection rather than directly, and in some respects we might be better off if prices were made directly. But if this were done, it is not very likely that the policy of fixing by indirection would be abandoned, and we simply would have added another complication to our difficulty.....

"This whole price fixing question has reached a most serious stage. If we follow the policy we have been follow-

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9. Wallaces' Farmer, Vol. XLIII (March 20, 1918), p. 568, editorial.

ing during the past six months, we will pay a terrible penalty for our stupidity. The congress of the United States should stop the whole business, and just as quickly as possible. The activities of the price fixing bodies should be turned toward eliminating speculation and profiteering by the men who handle the products after they leave the farmer's hands, and by eliminating needless waste in distribution. Some real progress can be made in this line.

"Neither Mr. Hoover nor any dozen men living know enough to fix or regulate or control or "stabilize" prices on agricultural products, and at the same time maintain production in quantities sufficient to feed ourselves and our allies. It simply can not be done, and the quicker the nation comes to understand it, the better off it will be for all of us....."[10]

It remains to be seen whether or not certain agriculture leaders continued to hold this same viewpoint toward the "stabilization" of prices of agricultural products in the years from 1924 to 1929.

Undoubtedly many farmers felt as though a great injustice had been done them by the Food Administration in carrying out its policies. The farmer endeavored to answer the patriotic appeal of the Food Administration by increas-

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10. Ibid., (April 5, 1918), p. 600, editorial.

ing his acreage. A great many factors entered into the determination of the Food Administration's policy and it is quite likely that many discontented farmers were not familiar with all those factors. But the fact remained, they felt that they were the victims of a vicious policy.

Whether or not the farmers really profited by price fixing is a debatable question. A few statistics are cited from the 1927 Yearbook of the United States Department of Agriculture. Using as a base the prices of 1910 to 1914 inclusive as an index number of 100, the average index number of wholesale prices of agricultural commodities, meaning commodities originating on United States farms, for the year 1918 was 208, the highest for the year being 220.[11] The average index number of wholesale prices of non-agricultural commodities, bearing those not originating on the farm, for the same year (1918) was 188, the highest for the year being 196.[12] The index number of prices paid by farmers for 1918, using the same base were: for equipment and supplies, 180; for wages paid to hired labor, 178; and for commodities bought for family maintenance, 180.[13]

These statistics would seem to indicate that price

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11. Yearbook of the U. S. Department of Agriculture, (1927), p. 1151, Table 500.
12. Ibid., p. 1152, Table 501.
13. Ibid., p. 1153, Table 503.

fixing of certain agricultural products for the year 1918 was not altogether detrimental to the interests of the farmer.

An Unsatisfactory Price for Hogs

The greatest dissatisfaction in the Middle West, or Corn Belt Region, with price fixing was not in regard to wheat but in regard to hogs. The prices of certain staple grain crops usually maintain about a certain ratio of one to another. Consequently if the price of wheat is high, the price of corn will be proportionately high. If high priced corn is fed to hogs it means in the end the hogs should bring a correspondingly high price.

The situation with regard to the hog prices was something like this: the rise in the price of wheat had caused an increased acreage of that crop. That was as the Food Administration desired. However, it cut down, somewhat, the acreage planted to corn and this in turn would mean that fewer hogs would be raised for fattening. The Food Administration made a great demand for pork production in the late summer of 1917. It was necessary to make some sort of a statement in regard to the price which the farmer might expect in the fall of 1918 and the spring of 1919 for the pigs which would be raised in the fall of 1917 and in

the spring of 1919. The Food Administration announced its policy of what it would try to do in regard to the price of hogs in the fall of 1918 and the spring of 1919. It was the manner in which this policy was carried out in the winter of 1918-1919 that met with much resentment in the corn belt region.

The policy of the Food Administration as to hog prices was announced by Joseph A. Cotton, chief of meat division, in November, 1917. The price policy of this statement had been worked out through determining the price ratios of hogs to corn for a number of years back. Mr. H. A. Wallace, one of the editors of the Wallaces' Farmer magazine aided in this task.[14]

The statement by Mr. Cotton in November, 1917, read, in part, as follows: ".....We have had, and shall have, the advice of a board composed of practical hog growers and experts. That board advises that the best yard-stick to measure the cost of production of the hog is the price of corn. That board further advises that the ratio of corn price to hog price, on the average over a series of years, has been about twelve to one (or a little less). In the past, when the ratio had gone lower than twelve to one, the stock of

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14. Henry A. Wallace, "Hoover and the Hog Farmer," in Wallaces' Farmer, Vol. LI (October 15, 1926), p. 1345.

hogs in the country has decreased. When it is higher than twelve, the hogs have increased. That board had given its judgment that to bring the stock of hogs back to normal under present conditions, the ratio should be about thirteen to one. Therefore, as to the hogs farrowed next spring, we will try to stabilize prices so that the farmer can count on getting for each 100 pounds of hog ready for market, thirteen times the average cost per bushel of corn fed into the hogs.

"Let there be no misunderstanding of this statement. It is not a guarantee backed by money. It is not a promise by the packers. It is a statement of the intention and policy of the Food Administration which means to do justice to the farmer."[15]

This announcement was received with joy by corn and hog producers. Mr. Wallace in his editorial column urged his farmer readers to raise more hogs.[16] As was noted above, the part of this policy which resulted in serious misunderstanding was carrying it into effect.

When the 1918 crop of corn was ready to feed to the hogs farrowed in the spring of 1918 the farmers were opti-

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15. Wallaces' Farmer, Vol. XLVI (November 9, 1917), p. 1520.
16. Ibid., (November 30, 1917), p. 1616, editorial.

mistic. This editorial comment shows it to be that way. "The value of corn fed into hogs marketed in October, 1918, will be at least $1.60 per bushel, probably nearer $1.70. To make good the pledge of the Food Administration, the average price of hogs in Chicago in October must not be less than $20.15 per cwt., and is more likely to be about $21.40, the exact amount depending upon the price of corn in September.

"Whatever the power or the desire of the Food Administration may be to live up to its pledge in January, February and March, 1919, we are quite sure that it will have no difficulty at all in seeing to it that hogs fetch the guaranteed price during the months of October, November and December, which will be around $20.70 for October and not less than $20.00 in November."[17]

This editorial used the terms "pledge" and "guarantee". This may have been misleading to some of the readers and hence may have caused some resentment later. It will be recalled that Mr. Cotton's statement of November 3, 1917, concluded by stating that his statement was not a guarantee or a promise but a statement of the policy which the Food Administration would endeavor to carry out.

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17. Idem., Vol. LIII (September 6, 1918), p. 1248, Editorial.

There were some changes made in the personnel of the Food Administration's forces in the fall of 1918, about the time when the policy announced in 1917 was to be put into effect. It will be remembered that for a few weeks before the signing of the armistice on November 11, 1918, it was anticipated that the war was drawing to a close. European government officials who were buying supplies through Mr. Hoover were not buying as much pork and other meat products. At any rate the Food Administration was unable to get the packers to guarantee to pay above a minimum of $15.50 per hundred for the average drove of hogs during the heavy packing season. This sorely displeased the farmers of the corn belt region.

According to statements made by those who were in close touch with the situation in 1918 and 1919, the ratios of the price of hogs and of the price of corn was fixed in this way. The 13-bushel ratio was applied by using the Chicago price of hogs and the price corn would bring at the country elevators.[18] Mr. Wallace, who aided in working out the price ratios spoken of in the Cotton statement of November, 1917, maintained that the price ratios should have been upon the basis of the Chicago prices of hogs and of

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18. Wallace, loc. cit.

Chicago prices of No.2 corn. He maintained that this was the understanding which farmers had been given in the bulletins circulated by the Food Administration in the fall of 1917.[19]

The following statement shows the resentment upon the part of the farmers: "Since Mr. Hoover thinks he cannot make good the promise made last November, to buy hogs this winter at "thirteen times the average cost per bushel of the corn fed into them,' it is just as well that he abandon all pretense of doing so. The so called application of the thirteen-to-one ratio to October prices was illogical, unjust and ridiculous, and aroused a storm of righteous indignation throughout the hog, producing country. No well informed man could undertake to defend it. If it is really necessary that the Food Administration decline to make good its agreement of last November, then the farmers will accept it in the same fine spirit with which they have met every call that has been made upon them. For they are making a larger contribution towards winning the war, both with men, money and food, than any other class of our people. But for this reason, if for no other, they have a right to demand that their government, through the Food Administration,

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19. Wallace, loc. cit.

shall deal with them openly and frankly. Since the Food Administration thinks it cannot carry out its agreement, Mr. Hoover should say so in plain terms, and farmers will make the best of the situation."[20]

This misunderstanding over the price of hogs in the winter of 1918-1919 serves to give one an understanding of why the farmers in the corn and hog states might have felt considerably stirred up. The writer of this thesis makes no contention that all farmers may have been dissatisfied with the prices of wheat and hogs in 1917, 1918 and 1919. However, this fact should be kept in mind, that in the days of depression and deflation of 1920-21 and in the days of the McNary-Haugen movement, Iowa was the hotbed of agricultural discontent. Iowa led the way in those days and it may be that disapproval with price fixing was voiced more in that state than in some others. There were some organized movements against price fixing, however. The following editorial would seem to indicate as much.

"The voice of organized agriculture is now being heard at Washington in an authorative way. Representatives of the Grange and of the various state farm bureau federations [the American Farm Bureau Federation was not yet organized],

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20. Wallaces' Farmer, Vol. XLIV (August 22, 1919), p. 1612, editorial.

of the western states last week demanded the ending of all price fixing by the government, the termination of the food control act and of the food administration, the revision of the tariff to give protection to farm products, recognition of organizations of producers when appointing government boards and commissions, etc.

"Farmers throughout the land should write their senators and representatives at once and demand that they give prompt heed to the program submitted by farm representatives."[21]

This topic would seem to show that agriculture was making some headway in organizing its forces. The farm bureau movement was making good progress in 1919 and this will be discussed later in the thesis.

There must have been some unrest among the agricultural people in 1919-1920 as was revealed to some extent in a press association news item which was sent out from Washington under date of January 30, 1920. It was, "Indications of a widespread spirit of unrest and dissatisfaction among the farmers of the country so threatening as likely to disturb the existing economic structure is considered by government officials to be revealed in more than 40,000

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21. Ibid.

replies to a questionaire recently sent out by the Post-office Department."[22] The questionaire had contained questions about agricultural conditions. Editorial comment about the press dispatch was as follows: "What, then, is the matter with the farmer. Why is he dissatisfied?..... Why has the National Farm Bureau Association been formed?... The answer is easy. The farmer is getting tired of being made the goat.

"That does not mean that he proposes to make a disturbance, or try to over-turn the government, or start a new political party, or confiscate property. Nothing of that sort. It simply means that he feels that it is time he was looking after his own business interests; that he is determined to receive fairer prices for the things he has to sell; that he proposes to set up whatever business institutions may be necessary to help him sell and buy to advantage. It means above all that he sees that it is time for him to study the business game and learn how to play it for himself, just as other people have learned to play it for themselves. And especially it means that he is tired of being double-crossed not only by other business interests but by the people who are in places of authority in

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22. Idem., Vol. XLV (February 13, 1920), p. 518.

government. He is thoroughly sick of government price fixing and government operation of railroads, and government meddling in general.

"If we were asked to name one man who is more responsible than any other for starting the dissatisfaction which exists among the farmers of the country, we would instantly name Mr. Hoover. What has Mr. Hoover to do with it? Well, here's the story:....." The article then proceeded to relate the story of the ratio between hog and corn prices in the winter of 1918-1919.[23]

One more example is cited in a testimony against the continuance of price fixing. Two of the resolutions adopted by the Corn Belt Meat Producers' Association at their annual convention in Des Moines in February, 1920, are to be noted:

"Resolved, that we demand that the activities of the Food Administration be discontinued at the earliest possible date consistent with the keeping of government pledges to the producers of the country.

"Resolved, that we condemn in the most emphatic manner possible the efforts of Attorney General Palmer and others in authority to beat down prices of agricultural products.

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23. Ibid., p. 519.

such efforts have cost the farmers of the country millions of dollars, and have not benefited the consumers....."[24]

The comments and articles which have been cited should be some proof that the farmers, especially in the Mid-West region, were not favorable to government price fixing during the war and in the months which followed the signing of the armistice.

THE NEED FOR ORGANIZATION AND THE BEGINNING OF THE AMERICAN FARM BUREAU FEDERATION

Agricultural Need for Organization

This thesis has to do, for the most part, with the activities of certain farm organizations and their demands for legislative relief. No organization of a national character was directing any effort in this direction until the year 1920. True enough, there were two prominent national farm organizations in existence and they were working on their respective programs. The National Grange's origin may be traced back to the Patrons of Husbandry days in the 70's but their program in the twentieth century had

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24. "Resolutions Adopted by the Corn Belt Meat Producers' Association," in Wallaces' Farmer, Vol. XLV (February 27, 1920), p. 747.

been along social and educational lines rather than economic. The other national farm organization of note was the National Farmers' Union which had risen to prominence in the twentieth century. Its program was along social and somewhat along economic lines, especially as to cooperative farm owned elevators, stores and creameries. This organization was strongest in the south while the Grange was strongest in the east.

During the months of readjustment in industry and agriculture following the war, agricultural leaders in the west deplored the fact that agriculture was not better organized to protect itself, that the industry did not have a well defined policy, and that in many instances those spokesmen who purported to speak for the farmers had no license to do so at all.

Nearly everyone feared the after-the-war effect upon all industries. Certain agricultural leaders feared that the agricultural industry was not organized well enough to make its demands upon legislative bodies as effective as the manufactures and banks would be able to do.

Dr. E. A. Bryan, who for twenty years had been president of the Washington State Agricultural College, expressed this thought, "That if the farmers of the country are going to get themselves in a position to safeguard their

interests, they must do it by forming an agrarian group, that is a farm group, both in the state legislatures and in the Congress of the United States. Such a group is inevitable, and the sooner it comes the better, if it is under wise leadership.

"Naturally, the agrarian group will be made up of men who belong to all parties. On strictly party matters they will act with the party of their choice, but on all other matters which affect the interests of the farmers as a class, they will act wholly independent of party. By massing their forces they will control the balance of power and thus be able to get for agriculture the sort of legislation we must have if it is to be maintained on a sound basis."[1]

It would seem that Mr. Bryan was forecasting a "farmer bloc" in congress. If he was, he did a very good piece of work, for almost such an agrarian group as he spoke of was formed in congress in 1921.

Further realization of the need for agricultural organization in congress is gotten from this comment. "The farmers of the corn belt are not very well satisfied with the representation they are getting in congress just now....

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1. Wallaces' Farmer, Vol. XLIV (January 24, 1919), p. 184, editorial.

The senators and congressmen from the corn belt states ought to have a meeting and determine upon a line of policy in agricultural matters which will truly represent their constitutents. They ought to put in some time studying the needs of corn belt agriculture, and the effect various national and international policies will have upon it. If they should do that, they would be able to act with real intelligence. Our senators and representatives should do somet ing of t is kind right away."[2]

The same idea is gained from this comment: "The farmer is not well represented. In fact, he is hardly represented at all, except as to some of the southern farmers. The corn belt is not represented. Therefore, things are going to be done which will not be to the interests of the western farmer; and very largely it will be his own fault. He has been unwilling to organize intelligently. He has not yet come to realize that his real problem is one of economics rather than politics. He can be stirred up to violent political action about ever so often; but it has not yet dawned on him that action of this sort is very temporary in its character and really helps him very little.

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2. Ibid., (February 7, 1919), p. 312, editorial.

The farmer's problems are not going to be solved by enacting this law or repealing that. He has to follow the example of business men, and organize himself and train leaders who know what they are talking about.

"The various farmer organizations ought to be raising a fund to be used in employing able and honest men to represent farm interests in a thoroughly business like way."[3]

Another striking example of how certain agricultural leaders felt that their industry was not organized to "hold its own" with other industrial groups was the instance when President Wilson called a conference in October, 1919, to deal with the national industrial situation. There were to be 45 representatives; 15 to represent the general public; 15 to represent organized labor; and the third group of 15 was to represent business, finance and agriculture. This comment was made: "Agriculture is given three places out of 45 on this committee. Is that adequate representation, having in mind all the time that the deliberations and report of the conference will have a tremendous effect upon the prices of farm products? We will say that it is not. Neither is the representation of agriculture well chosen.

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3. Ibid., (March 7, 1919), p. 588, editorial.

The Farmers' Union is strongest in the south. Quite true, it is growing in the north, and making an excellent showing, but its delegates to this conference most certainly will be chosen from the smaller food producing section of the south.

"The Society of Equity is in the dairy and truck regions, rather than in the great producing area, although, it too, is making a nice growth in the northern part of the corn belt. So with the Grange. It is strongest in the east and extreme north. We do not mean to be misunderstood as criticizing or in the least belittling any of these organizations. They are all representative of large group of farmers, and all are doing excellent work--better now than ever before. The point we are making is that the corn belt, the great producing section of the United States, the place where the surplus food is raised, is not likely to be represented at all at this important conference."[4]

The American Farm Bureau Federation

This question stands forth: When did agriculture take steps to so organize itself that it might "hold its own" with other interests? The great national organization which came to speak for the great food producing section,

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4. Ibid., (September 18, 1919), p. 1744, editorial.

the mid-west region, was the American Farm Bureau Federation.

This great organization had its start from small beginnings. It was a federation of state farm bureau federations, which in turn were federations of county farm bureaus in those states. The movement got its start through the influence and help of the county agent. "There were scattering county farm bureaus before 1914, but the Smith-Lever law of that year, giving federal support to the plan of having an expert agricultural adviser--the so-called county agent--in every county, raised up a multitude of such agents, paid jointly by the federal Government, the state, and the benefited farmers themselves.

The original purpose was wholly to assist the farmers to solve the problems of production and marketing peculiar to their calling. The farm bureaus thus won the enthusiastic support of that solid and prosperous type of farmer who had not previously been much of a 'joiner'."[5] The bureaus extended their activities and very soon state federations had been formed. Within two years the national organization was launched.

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5. Theodore N. Knappen, "Farmers in the Saddle," in Independent, Vol. CVII (November 21, 1921), p. 151.

The first farm bureau was organized in Broome County in the State of New York in 1911.[6] In 1916, the first state federation of county farm bureaus took place. This honor also went to New York when 34 counties, representing nearly 40,000 farmers, sent delegates to a state meeting. There followed a movement of forming state federations in a number of states. Iowa was one of the first western states to organize. The Iowa Farm Bureau Federation was organized at Marshalltown on December 27, 1918, when delegates from 70 county farm bureaus met, at the call of James F. Howard of Marshall County to form the organization.[7] Illinois soon followed the lead of Iowa and formed a similar organization known as the Illinois Agricultural Association.[8]

The movement for the formation of the National Federation was begun and consummated in about thirteen months. A meeting was held at Ithaca, New York in February, 1919, at which twelve states were represented, nine of those states having already formed state federations or associations. Mr. S. L. Strivings, who was president of the New

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6. Orville M. Kile, The Farm Bureau Movement, (New York, 1921), p. 97.
7. "Iowa Farm Bureau Federation," in Wallaces' Farmer, Vol. XLIV, (January 3, 1919), p. 20.
8. "Illinois Farmers Organize," in Wallaces' Farmer, Vol. XLIV, (February 7, 1919), p. 315.

York State Federation, had issued the call for the meeting to consider plans for forming a National Farm Bureau Association.[9] Three outstanding individuals were present at this meeting. They were J. R. Howard, of Iowa; O. E. Bradfute, of Ohio; and Chester Gray, of Missouri. These delegates at this conference recommended that a meeting be held at Chicago on November 12th and 13th to perfect a national organization.[10]

"During the interval between the report of the committee [conference at Ithaca] and the date set for the conference at Chicago, interest in agricultural circles worked up to a high heat. The possibility of creating a great, new, national farmers' organization on a basis different from anything that had proceeded and with elements of strength never before possible, was suddenly borne home alike in professional and agricultural circles and to the practical farmer. It was recognized by all that here was a sleeping giant that might be awakened to full power almost immediately. Soon the idea became general that undoubtedly a federation of state farm bureaus would be effected at the Chicago meeting."[11]

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9. Kile, op. cit., p. 113.
10. Ibid., p. 114.
11. Ibid.

The meeting was held at Chicago as was planned. Thirty states were represented and of this number twelve or thirteen were Mid-western states. Oscar E. Bradfute was temporary chairman of the meeting. It was a big meeting in agricultural history for at this time an organization was formed which was to play a great part in working for the business and economic interests of the farmers. The meeting was not without its discords for there were many agricultural interests represented. Some representatives desired that the new organization should be chiefly social and educational in its work. Others wanted it designed specifically to bring about improved business and economic conditions. The mid-western delegations were in favor of the second kind of a program. In the end a compromise was adopted. The organization would endeavor to carry out an educational and economic program as well.[12]

The outstanding leaders in this convention were: Oscar E. Bradfute, of Ohio; Harvey J. Sconco, of Illinois; S. L. Strivings, of New York; and James R. Howard, of Iowa. Governor Lowden, of Illinois, called upon the convention and paid his respects to the assembled farmers. He took no

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12. Ibid., pp. 115-120.

part in the meeting except to state that he believed they were making a great forward step. The temporary officers of the newly formed Federation were James R. Howard, of Iowa, president; and S. L. Strivings, of New York, vice-president. An executive committee of twelve members was elected. This committee was to draw up a constitution and to work out a program of work for the new organization and present it to the next meeting to be held on March 3rd.[13]

The convention adopted a set of resolutions and by reading some of them one gains an idea of the spirit of the meeting.

"We declare our independence of affiliation with any commercial, labor or industrial organization.....

"We desire to point out that a large factor in the high cost of living is the curtailing of production through shorter hours, lessened efficiency of labor, and strikes.

"We approve the federal land banks, and request that the maximum individual loan be changed from $10,000 to $25,000.

"We are opposed to government ownership of public utilities. We demand the early return of the railroads to

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13. Ibid., pp. 118-120.
"National Farm Bureau Federation Formed," in Wallaces' Farmer, Vol. XLIV (November 21, 1919), p. 2312.

private control,.....

"...o assert the farmer is entitled to a just profit on a cost of production on all products....."[14]

The organization of the American Farm Bureau Federation was completed at the second meeting in Chicago on March 3rd, 1920. Twenty-eight states were represented. A constitution for the organization was adopted and the executive committee made its report. In one of the resolutions adopted the executive committee was instructed to set up without delay a business organization, under direction of trained experts, and create bureaus or divisions as follows:

1. A bureau of transportation,
2. A bureau of trade relations,
3. A bureau of statistics,
4. A bureau of distribution which shall make a thorough study of the distribution of farm products.
5. A legislative bureau which shall have to do with matters of legislation which affect farming and farmers.
6. A bureau of co-operation to make a study of co-

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14. "National Farm Bureau Federation Formed," loc. cit., p. 2316.

operative methods.[15]

The temporary officers were elected to serve for the balance of the year. J. R. Howard, of Iowa, president; S. L. Strivings, of New York, vice-president; John [illegible]. Coverdale, of Iowa, secretary; J. [illegible]. Crensha[illegible], of Kentucky, treasurer; and Gray Silver, of West Virginia as Washington representative. The members of the executive committee were representative of the scope of the territory which the new organization proposed to work for. The committee members were from Vermont, Massachusetts, New Jersey, Ohio, Illinois, Missouri, West Virginia, Georgia, Oklahoma, California, Colorado, Utah, Iowa, and New York. Chicago was named as the permanent headquarters. It is significant to note that the farmer membership of the state federations represented at this meeting numbered 498,852. Iowa had the largest membership of any state, 104,398; and Illinois was second with 50,001. It appeared that the organization really hoped to do something for the farmer. Its officers were to be paid good salaries; traveling expenses and office expenses were to be allowed.[16]

Henry C. Wallace's comment about the federation was

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15. "American Farm Bureau Federation Starts Work," in Wallaces' Farmer, Vol. XLV (March 12, 1920), p. 848.
16. Ibid.

as follows: "This federation must get to work at once on a real business program if it is to justify its existence. That doesn't mean turning the work over to a committee of farmers, either. The best qualified men in the United States should be hired to manage each of the various lines of work. This federation must not degenerate into an educational or social institution. It must be made the most powerful business institution in the country."[17]

What was to be the legislative program and procedure of the American Farm Bureau Federation? Some of the bills in congress at this time (March, 1920) and for which the officials of the Federation were working were: various packer control measures; the Capper-Volstead bill, to legalize co-operative marketing associations; a bill for the operation of the government nitrate plant at Muscle Shoals; the truth-in-fabric bill, to cause the labelling of woolen goods and prevent the use of "shoddy"; amendments to the Federal Farm Loan Act and Rural Personal Credit bills.[18]

The federation officials did not endeavor to use ordinary "lobbying" methods but rather to acquaint the congressmen with the farmer's attitude on pending legislation,

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17. Kile, op. cit., p. 123.
18. Ibid., p. 172.

after having learned this attitude by referendum methods, and then report to the various State Federations the attitude of individual congressmen.

"Ours is not a lobbying campaign," said Mr. Silver. "We have nothing to 'put across' in congress, in the sense ordinarily implied at Washington."[19]

The federation officials later worked in close harmony with the "farm bloc" formed in congress in May, 1921. However that account will be presented later in this thesis.

In the first part of this chapter an attempt was made to show how agricultural leaders hoped for a real farmers' organization which would represent agriculture's ideas in legislative circles, in conferences and in many other ways. Had they found it in the American Farm Bureau Federation? They hoped that they had. To what extent this organization will be able to meet their demands and reward their hopes remains to be seen. Let it be stated at this place that it will be the activities of the American Farm Bureau Federation that will specially be noted in this thesis. It was the organization that the mid-west region had the greatest faith in and subscribed to. Militant leaders in many of

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19. Ibid., p. 173.

the western states were found to be the leaders in the several state farm bureau federations and it will be through these, if not through the national organization, that the mid-west will issue its cry of distress and for aid in the years from 1921 to 1929.

DEFLATION--DEPRESSION AND HARD TIMES, 1920-1921

Warnings of Deflation

Numerous factors might be cited to show the cause of the agricultural unrest in the years following the World War. Regardless of whom the authority might be, there is one big factor that has contributed more to the farmers' dissatisfaction than any other single factor.

That was the "break" in the high price levels in 1920 and which continued throughout the year 1921. The war period and a short post-war period had seen the price level of all commodities, including agricultural products, rise to an almost unprecedented high point. The excessive war demand for materials was the chief factor at work. Whether people increased their wealth during this period from 1914 to 1919 would be questionable, but at any rate everyone was handling more money and using more credit than ever before.

Those who understood economic cycles were quite certain that the period of "good times" would be followed by

a period of deflation. On the other hand, there were those, including a great number of farmers, who could not see why things should ever return to lower price levels.

It is a well recognized fact that during this period of 1914 to 1919, as selling prices of farm commodities went higher, the factors which entered into the cost of production also went to higher levels. Farm machinery, labor costs, seed for planting, building materials and commodities for the family became much higher. Another big factor was the soaring of land values to an unheard of mark. The whole country's business had been greatly inflated to take care of the demands made upon the United States before 1917, and still more so after that date. Two very important financial measures had been enacted which greatly strengthened our credit facilities. These were the Federal Reserve Act of 1913 and the Farm Loan Act of 1916. The one was devised, as will be shown later, to meet the increasing credit demands of business and industry. The second act was enacted to aid farmers in securing longer time mortgage loans on land at a lower rate of interest. It is extremely doubtful whether the business of the country could have been expanded to such limits from 1914 to 1919 if these credit agencies had not been provided.

It has been stated that many people fully expected

the high price levels of 1918-1919 to continue indefinitely. Others felt equally as certain that it could not. History has already recorded that deflation and contraction did come. Did agricultural readers receive any warning of this? Yes, they did!

"There will be radical economic changes as the war nears a conclusion and during the period of reconstruction--a period necessarily of considerable length. Already we feel and can plainly see the signs of change that are inevitable when the war is over. Peace talk finds reaction in an immediate slump in the price of hogs, sheep, corn and other agricultural products. Things are so abnormal, so radically unbalanced, relatively speaking, that signs of a break in the war invites and makes certain radical breaks in present economic conditions. In other words, we are high up on stilts and sooner or later many of us will take a tumble and be bussed up unless we are wise and prepare a soft place to light upon."[1]

The writer of this article then proceeds to give a little advice to fellow farmers. His counsel was wise and if it had been heeded many disasters might have been avoid-

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1. Walter J. Houser, "Agricultural Reconstruction After the War," in Hoard's Dairyman, Vol. VI (November 8, 1918), p. 513.

ed, at least lessened.

"It is none too early for the farmer and stockman to begin to prepare for the change..... If conditions were to remain as they now are, he need not worry. But they will not remain so. He must beat the change or get his fingers pinched when the door slams. He must readjust his affairs when the readjusting is good. How to do it? Well, first this is a good time to pay debts..... Get along with the Ford or old car for a time and after the war you will be able to buy a new one at practically half the price now asked. In other words, this is the time to SAVE.

"Farmers can well afford to carefully prune their livestock at the present time..... I believe it is wise to warn farmers not to expect too much of the after the war demand from European countries for our livestock..... Buy only real necessities, wait for absolutely certain lower prices, and make the profit yourselves."[2]

Here is a statement which was printed in a farmers' magazine in the fall of 1917. "Prices generally are twice as high now as they were just before the war began. Everyone knows that prices will go down as soon as the war ends, but there is considerable question as to just how low they

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2. Ibid.

will go..... We greatly fear that the whole price level has been permanently raised, although, of course, there will be some reduction immediately following the war."[3] This statement gives the impression that prices will not return to the pre-war level.

Further warning was issued to the agricultural readers of the mid-west region soon after the close of the war in this article.

It would seem, then, that there are good prospects for prosperity in agriculture. At the same time, it does not follow that farming is going to yield easy rewards. On the contrary, as never before it will require a good business head to make farming go. Never before were expenses so great; never was the necessary investment so great..... Agriculture has undergone a revolution not merely for those who understand it, but for those who don't. This means that with the inevitable changes following the war many are going to find agriculture unprofitable. This is the reverse of the situation of the last four years. During that time many a farmer has cashed in on produce which dated back to the days of cheap production. Now he is obliged to

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3. Wallaces' Farmer, Vol. XLII, (September 14, 1917), p. 1240, editorial.

stand the heavy expenses of production with a prospect of somewhat lower prices than heretofore. Anyone could prosper under the former conditions. The good business man will soon be readjusted following the war, and he will be prosperous, but the happy-go-lucky man who has let things go at loose ends will be worse off than ever."[4]

Another note from a different farm magazine says, "However, the average farmer must not be over-confident or too optimistic regarding the increased prices of his commodities; in fact, it is doubtful whether the prices of farm products can be maintained. There is a reasonable degree of certainty that with the proper manipulations, within the next three years at least, the prices of farm commodities will not drop below pre-war prices."[5] Just what manipulations this writer had in mind are not known but evidently they could not be carried out.

Another authority, who was with the Agricultural Department of the State Government of Minnesota, predicted a decline in the prices of farm products but not out of line with other commodities. He said, ".....while a drop

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4. E. W. Tibbard, "Agriculture after the War," in Wallaces' Farmer, Vol. XLIII (December 20, 1918), p. 1849.
5. Oscar Orf, "The Agricultural Situation after the War," in Ohio Farmer, Vol. CXLII (December 7, 1918), p. 547.

in farm prices is sure to come, it is extremely unlikely that it will take place to any degree disastrous to farming as a business, or that it will go forward more rapidly than the decline in other lines, considered as a whole. Demand will continue, supply will continue relatively unchanged, and on the whole prices will hold reasonably well up with demand, which latter is not a matter of choice, but of necessity."[6] This writer's prediction did not, entirely, prove to be true. Agricultural prices dropped much faster than non-agricultural commodity prices.

It can clearly be seen that agricultural people had good opportunity to expect a fall in farm prices after the war. There were a number of factors which the individual farmer could not control, but the wise farmer was able to avoid some of the disasters of the deflation period by paying his debts while prices were high and cutting down his operations when production costs were rising.

The Slump in Agricultural Prices

Volumes have been written about that depressing period

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6. Hugh J. Hughes, "The Immediate Problems of Farming," in Review of Reviews, Vol. LXI (January, 1920), p. 73.

in agricultural history in the year 1920 and 1921. Agriculture had been enjoying quite prosperous years from 1917 to 1919. Without a great deal of reference to special, detailed reports of this period of falling prices and its causes, the writer will endeavor to present a few selected facts, to show how the drop in agricultural prices occurred in a comparatively short space of time.

Statistics show that 1917 was the best year for the farmer. Using the prices from 1910 to 1914 with an index value of 100 as a base, the index value of the farmer's dollar in terms of the prices received to prices paid was 118 in 1917; that was because the index value of the prices received for farm products was 176 and of the prices paid for commodities 150. In 1918, the ratio of the index value between prices received by the farmer and the prices he paid for commodities was 1 2. In 1919, it was 102. That was supposed to be the peak year when the farmer received the most for his products. That may be true, for the index value of the prices he received was 209. The purchasing power of his dollar is the big thing to watch. The index value of the prices he paid for commodities that year was 205. Now for the ratio of prices which he received to the prices he paid, beginning with 1914: in 1914, it was 101; in 1915 and 1916, it was 95; in 1917, it was 118; in

1918, it was 118; in 1919, it was 103; in 1920, it was 99; and in 1921 it took a big drop to 75; by 1925 it had risen to 92, the highest since 1920 but in 1927 it again dropped to 85.[7] It is not hard to see why the year of 1921 was a disastrous one for the farmer.

We should note further explanation of the 75 cent dollar of the farmer in 1921. Why was it true? Because of the price he was paying for commodities bought for family maintenance and to be used in production. Using the same base, the index value for food was 141.8; for clothing, 191; for operating expenses, 168.1; for furniture and furnishings, 221.2; building material for houses, 157.9 and for all commodities used for family maintenance it was 168.4. For commodities bought to be used in production, the index value was as follows: for feed, 91.4; for machinery, 174.6; for fertilizer, 159.7; for building material other than houses, 150.2; for equipment and supplies, 160.7; for seed, 124.6; and for all commodities used in production 141.8. Mind you, during this year the index value of the prices which the farmer received for his commodities was 110.[8]

Upon examining the 1919 Yearbook of the United States

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7. World Almanac and Book of Facts, New York, (1929), p. 303.
8. Ibid.

Department of Agriculture, one fails to find any note of alarm in the farming industry in the Secretary's report to the President. An examination of the 1920 report reveals a different condition. Part of the Secretary's report to the President was: "After the farmer had completed their planting and harvesting operations, after they had met and solved the problems of production, they found themselves face to face with a falling market..... In midsummer, when the farmers' period of outlay was nearly at an end and their income period was about to begin, a sharp decline occurred in the prices of practically all farm products."[9]

"On March 1, [meaning 1920] crop prices were 22 per cent higher than on the same date of last year; on April 1, 23 per cent;.....on July 1, 21 per cent; on September 1, they were 7 per cent lower than a year ago; on October 1, 14 per cent lower; and on November 1, 28 per cent lower. The prices of all crops on November 1, were 53 per cent below those prevailing when the farmer planted and bore the cost of production."[10]

The falling of farm prices was only just begun. The worst was to come in 1921. In that year they hit a toboggan

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9. Yearbook of the U. S. Department of Agriculture, (1920), p. 17.
10. Ibid., p. 15.

slide. As was mentioned above, the index value of the farmer's dollar for that year was 75 cents. In the Secretary's report to the President for the agricultural year of 1921 this statement was made: "During the latter half of 1920 the average price in the United States of the 10 leading crops dropped 57 per cent, and by May, 1921, was only one-third that of the preceding June. In November, 1921, this average price passed below the 1913 level."[11] This drop in price can be better understood if a few concrete cases are sighted. In June, 1920, the farm price of corn was $1.86; in November, 1920, it was 67 cents: in April, 1921, it was 60 cents; and December 1, 1921, it was 42 cents. The purchasing power of the farmer's corn dollar had gone down to 30 cents.[12]

Good beef cattle were 180 per cent of the 1913 average in June, 1920; in January, 1921, they were 110 per cent of the 1913 average and in December, 1921, they were 85 per cent of the 1913 average.[13] "During the reconstruction period of 1920 and 1921 cattle prices not only took their full share of liquidation, but closed the year 1921 below the pre-war average, while general commodity prices were

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11. Idem., (1921), p. 12.
12. Ibid., p. 214.
13. Ibid., p. 303.

still nearly 50 per cent above that level."[14] The farm price of wheat in May, 1920 was $2.55 per bushel; on December 1, of that year was $1.45; on June 1, 1921, it was $1.27; and on December 1, 1921, it was 90 cents per bushel.[15]

Middling cotton, on the Norfolk market on August 1, 1920, was selling for 37 cents per pound; October 1, 1920, for 21.23 cents per pound; on January 1, 1921, 14.85 cents per pound; and on June 1, 1921 it was selling for 10.76 cents per pound.[16]

The farm value of the corn crop for 1921 was over $2,000,000,000 less than the farm value of the 1919 crop which was a smaller crop. The farm value of the 1921 wheat crop was $737,068,000 for 1,060,737,000 bushels. The farm value of the 1919 wheat crop was $2,080,056,000 for 967,979,000 bushels. The farm value of the cotton crop in 1921 was fixed at $643,933,000 for 7,953,641 bales while the farm value of the 1919 crop was $2,034,658,000 for 11,420,000 bales.[17]

A few individual items of what the farmer had to buy should be noted. In 1921, barb wire was selling for 169

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14. Ibid., p. 305.
15. Ibid., p. 140.
16. Ibid., p. 614, Table 179.
17. Ibid., p. 770, Table 394.

per cent of the 1914 price; coal, for 198 per cent; flour, for 137 per cent; overalls, for 178 per cent; pitchforks, for 185 per cent; rubber boots, for 121 per cent; shoes, for 159 per cent; and binder twine for 143 per cent.[18]

The question is asked, what had happened to the farmer in 1920 and 1921? He found that the prices he was receiving for his products were wholly out of proportion with the prices which he had to pay for other commodities. It was more than he could understand. Was it the way he was to be rewarded for the patriotic way in which he increased his production in the years from 1917 to 1920? He could see it in just one light--he was the victim of a deplorable situation. He had borrowed money to buy machinery and seed in 1920 in order to increase his production. The prices went down. He was advised, often by good advice and by his banker, to hold his crop for prices would go up again. He borrowed more money to plant another crop in 1921; he paid high prices for labor and equipment; and what happened? Prices continued to go down. The country banker was being pressed by city banks for funds which had been advanced. The farmer had to sell in order to pay his notes and obligations. Often he was unable to pay. He could produce in times of inflation but things and times had changed.

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18. Ibid., pp. 782-783, Table 410.

[illegible] did he blame? He blamed everyone that he could and certain government agencies in particular. There were many charges against the Federal Reserve Board for raising the discount rate at successive intervals in 1919, 1920 and in 1921. These charges will be cited later on.

What was the reason for the wholesale down-slide of farm prices? What were the causes of the crisis in which the farmer found himself in those years? Many commissions have worked on that matter and have submitted various reports. A most thorough investigation of the difficulty was made by a Congressional committee in 1921 and 1922. The Joint Commission of Agricultural Inquiry was created by a joint resolution of Congress in June 1921.[19]

As the result of the crisis of 1920-1921, the commission made this report: "It seemed to self that over-production or over-supplying of farm products in 1920 was in very considerable measure a moving factor in the decline of prices in 1920-21..... It may be said that the first demand impulse was given values of livestock, livestock products and cotton by diminishing export demand, and that while large exports of wheat did not serve to maintain the level

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19. The Agricultural Crisis and Its Causes, being Part I, of the Report of the Joint Commission of Agricultural Inquiry (1921), Sixty-seventh Congress, First Session, Report No. 408, 67th Cong., 1 Sess., p. 19.

of prices of these commodities above those of other agricultural products they did not serve to wholly prevent a decline of prices of these commodities. Consumption of wheat, beef, mutton and dairy products have all declined during the period of depression and this decline in consumption, undoubtedly contributed to and accelerated the decline in the prices of these commodities.....

"In the United States the decline of prices began with livestock and ran the course of farm products. Prices of clothing, metals and metal products, lumber, shoes, steel, fuel.....and commodities of all descriptions followed in the train of the prices of agricultural products, but the prices of these commodities did not decline to the same degree or at the same time or with the same rapidity as the prices of agricultural products..... All of this served to diminish the purchasing power of farm products during the period and to intensify the farmers' difficulties. As the failing purchasing power of the world began to make itself felt in the lessening of export demand for farm products, the prices of agriculture began to decline."[20]

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20. Ibid., pp. 15-17.

Deflation and the Federal Reserve Board

Undoubtedly there were a number of factors which contributed to the fall of agricultural prices in the years of 1920 and 1921. One of the factors which caused a great deal of trouble was the credit situation. The great finance regulating agent of the country, the Federal Reserve Board, was blamed by farmers for bringing about the deflation in 1920 and for not stopping it in 1921. The writer has not attempted to settle the point as to whether the Federal Reserve Board's policy was wise but simply to present two viewpoints. As a matter of fact the Federal Reserve Board, seeing a necessity for curtailing inflation raised the discount rate slightly in the fall of 1920. Since the rise in discount rates in 1920 occurred at the same time as the drop in agricultural prices, the two were associated together. This charge of the farmers against the Federal Reserve Board is stated by one authority in this way:

"When the board inaugurated its policy of raising the discount rates, agricultural prices were high and increasing. The high rates had been in effect only a few months when these prices began to decline. Consequently, a great many farmers began to assume that the relation between

these two things was one of cause and effect. They assumed that the high discount rates were the cause of the precipitous decline in prices. As a result, the Federal Reserve Board was accused of defrauding the farmers and of bringing on an agricultural depression. The Federal Reserve Banks were charged with unduly restricting the credit granted to agriculture and of unfairly shifting their loans to country banks so that credit was diverted by the financial centers at the expense of the rural communities. This charge calls for an examination of certain facts.'[21]

One individual farmer expresses himself in this way. 'The farmers believe that the Federal Reserve Board has put out an organized drive during the past year which has almost ruined them, and that the country is headed for one of the worst panics we have ever had.'[22] A further comment about the Federal Reserve Board's policy says, 'We have had an illustration during the past six months of the power of the Federal Reserve Board over the business of the country. It is being held responsible for bringing about drastic deflation. Perhaps it had not intended to deflate prices to the extent they have been deflated. Perhaps the thing got

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21. Claude L. Benner, 'Credit Aspects of the Agricultural Depression, 1920-21,' in Journal of Political Economy, Vol. XXVIII, (February and April, 1928), p. 125.

22. Wallaces' Farmer, Vol. XLVI (February 4, 1921), p. 223, a farmer's letter.

away from them. Be that as it may, they started it and the results are serious. The increase in the reserves of the Federal Reserve Bank during the past three months is pointed to as reassuring. That all depends upon how we look at it. They indicate that credit has been restricted; that liquidation has been going on at a terrific rate. They do not, however, tell the story of what this liquidation has cost the people who have liquidated, nor what it has cost the farmer."[23]

It seems as though the Federal Reserve Board contemplated raising the discount rate in the spring of 1919 but hesitated to do so as the Victory loan of the government was being floated at that time. The Federal Reserve Board gave, as its reasons for raising the discount rate, the condition of the reserves which were getting dangerously low. Certain farmer viewpoints of this reason may be gotten from the following item: "There was nothing in the financial situation late in 1919 and early 1920 making it compulsory for the Reserve Board to raise its discount rate by 50 per cent and begin its great campaign of deflation. The things which the Federal Reserve Board more or less unconsciously took into account as reasons for raising the re-

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23. Ibid., (March 4, 1921), p. 412, editorial.

discount rate were as follows:

"First--City people, and union labor in particular, wanted lower living costs.

"Second--Bankers were uneasy about our vast exports to Europe for which we were receiving billions of dollars in notes but very little in hard money.

"Third--Our broader gauged financiers and politicians were uneasy about the orgy of speculation in land, commodities, and stocks.

"Fourth--Labor was doing a half days work for two days' pay and needed to be taught the lesson of hard times.

"Fifth--The farmer was receiving more than his customary share of national income and his product prices must be brought in line.

"These five things had more to do with the rise in the rediscount rate than the fact that we had only $200,000,000 of excess reserves."[24]

One agricultural writer and friend summed up the charges that the farmers made against this group in the following manner: "Laying aside some of the more controversial points, the farmer places the following charges against the Federal Reserve Board:

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24. Ibid., (May 6, 1921), p. 713, editorial.

1. That a policy of ruthless deflation was followed at a time when more moderate methods would have worked less hardship on all and would have been of special assistance to agriculture.

2. That a policy of levying progressively increasing interest rates by districts resulted in undue hardship to needy agricultural borrowers and did little to prevent the use of funds for speculative purposes in the financial centers.

3. "That the board should have discriminated between loans for speculative purposes and loans made for legitimate production.

4. "That the board opposed the re-establishment of the War Finance Corporation.

5. "That considerable extravagance attends the operation of the 12 district reserve banks."[25]

It was because of the farmer criticism of the Federal Reserve Board that organized agriculture began, in 1920, to demand that agriculture be represented on the Board. They won this victory in 1922.

The Joint Commission of Agricultural Inquiry investigated the policies of the Federal Reserve Board and their

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25. O. M. Kile, "Farmer on the Federal Reserve Board," in Ohio Farmer, Vol. CL (July 1, 1922), p. 2.

probable effect in causing the agricultural crisis in 1920-1921. Although the commission did not blame the Board for the falling prices, it did criticize its policies.

"It is the opinion of the commission that a policy of restriction of loans and discounts by advances in the discount rates of the Federal Reserve Banks could and should have been adopted in the early part of 1919, notwithstanding the difficulties which the Treasury Department anticipated in floating the Victory loan if such a policy were adopted.

"It is also the opinion of the commission that had this policy been adopted in the early part of 1919, much of the expansion, speculation, and extravagance which characterized the post-war period could have been avoided.... and the difficulties, hardships, and losses which occurred in 1920-29 as a result of the process of deflation and liquidation would have been diminished.

"No action in the direction of restriction of expansion, inflation, and speculation by increases in discount rates was taken by the Federal Reserve Banks or the Federal Reserve Board until December, 1919, when slight advances were made in discount rates, followed in January by more radical advances and by further increases during the remainder of 1920.

"In the meantime there began and continued a period of expansion, extravagance, and speculation, the like of which has never before been seen in this country or perhaps in the world.....

"The commission believes that a policy of sharp advances in discount rates should have been inaugurated in the first six months of 1919, and cannot excuse the action of the Federal Reserve Board and the Federal Reserve Banks in this period in failing to take measures to restrict the expansion, inflation, speculation, and extravagance which characterized the period."[26]

A statement of the Federal Reserve Board, in its Sixth Annual Report, 1919, may be in order at this time. It was: "The expansion of credit set in motion by the war must be checked. Credit must be brought under effective control and its flow once more regulated and governed with careful regard to the economic welfare of the country and the needs of its producing industries..... Deflation, however, merely for the sake of deflation, and a speedy return to "normal"--deflation merely for the sake of restoring security values and commodity prices to their pre-war values

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26. Credit being Part II of the Report of the Joint Commission of Agricultural Inquiry, (1922), House of Representatives, Report No.408, 67th Cong., 1 Sess., pp. 12-15.

without regard to other consequences would be an insenate proceeding in the existing position of national and world affairs.....radical and drastic deflation is not, therefore, in contemplation nor is a policy of further expansion. Either course would in the end lead only to disaster and must not be permitted to develop."[27]

There was considerable discussion as to whether, in the "tight credit period", March, 1920 to April, 1921, the Federal Reserve Board extended the rediscount privilege to rural and agricultural districts as liberally as to industrial districts. It seems that the Board adopted this rule in regard to rediscounting the proper amount for each member bank:.."....by deciding that each member bank was entitled to accomodation at the Reserve Bank in proportion to its contribution to the lending power of the Reserve institution.....to be measured by the amount of money it had on deposit with the Reserve Bank, plus its quota of the paid-in capital stock."[28]

The Joint Commission of Agricultural Inquiry investigated this point and in its report made this statement: "First, that the expansion of bank loans in rural districts

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27. Penner, loc. cit., p. 217, (Reprint from Sixth Annual Report of Federal Reserve Board, 1919, pp. 71-72).
28. Ibid., p. 218.

during the period of inflation ending June, 1920, was relatively greater than in the industrial sections, taken as a whole.

"Second, that the action of the Federal Reserve Board and the Federal Reserve Banks during the fifteen months preceding April 28, 1921, did not produce a greater curtailment of bank loans in the rural districts than in the financial and industrial sections.

"Third, credit was not absorbed by the financial centers at the expense of rural communities for the purpose of speculative activities."[89]

Concerning the agricultural depression and its relations to banking, Claude G. Bonbright, of the Institute of Economics, Washington, D. C., who made a very thorough study of the question, made the following statements:

"On the average, the farmers were making large profits during the war, and many of them borrowed recklessly, but all too often the bankers were encouraging them to borrow more money than they really needed in order to carry on their operations. Deposits were large and the bankers were anxious to loan them out. The rural banks of the country were suffering from bad bank management, and the

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89. Credit, loc. cit., p. 117.

conservative influence which the banker usually exerts over his borrowers was absent during this period. This is a factor of prime importance when considering the growth of farm indebtedness. So long as prices were high and going higher and deposits were plentiful, everything went along splendidly. But when prices declined and deposits were being withdrawn and the call came to pay up part of the borrowed money, a crisis was precipitated. [It is quite evident that Mr. Benner lays considerable of the blame of inflation upon poor banking operations by rural bankers. Other writers to likewise][30]

"It must not be thought that all the loans made to farmers during this period were for purposes of production. A considerable portion of the funds went to increase the farmer's standard of living. The 'silk shirt era' of the cities had its counterpart on the farm.

"Again, the farmer, emulating his city cousin, bonded his township and county for funds to erect consolidated schools and to build hard-surfaced roads."[31]

"The farmers also borrowed in large amounts from their banks in order to speculate on land..... The farmers also

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30. Eric Englund, "The Dilemma of the Corn Belt," in World's Work, Vol. LIII (November, 1926), pp. 40-48.
31. Benner, loc. cit., pp. 97-98.

borrowed extensively to buy 'blue sky' stock..... The farmers borrowed more heavily from their banks in the spring of 1920, than customary because of the unusual expense of putting in crops for that year..... The transportation tie-up in the spring of 1920 kept the farmer from making his usual liquidation..... The farmers' exports were going abroad less rapidly in 1920 than before the war. Finally, the psychological factor must never be overlooked if we would understand the credit situation of the farmers at the eve of the great price decline. The most extravagant talk about values was indulged in on all sides. Conservative farmers confidentially expected land to go to $800 per acre in the corn belt, and the real estate agents were talking $1,000 per acre or more.

"More than all this, the farmers were at last getting organized, and they had hopes of what organization would do for them in the way of increasing prices. The outstanding newcomer among these organizations, the American Farm Bureau Federation, experienced a phenomenal growth in 1920. With the confidence of youth it embarked upon great programs of reform from which the farmers had great expectations in the way of increased income."[32]

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32. Ibid., pp. 99-105.

"The fact that the Federal Reserve Banks did not restrict credit in the agricultural districts does not mean that the farmers did not suffer from a real credit stringency in 1920-21. It does prove, however, that the great drop in agricultural prices was not caused by restriction of credit by the Federal Reserve Banks to country member banks..... The rapid decline of agricultural prices was the fundamental cause of credit stringency in the agricultural districts..... At the very time when the farmers were asking for more credit, the rural banks were rapidly losing their deposits..... The main cause for this loss of deposits by the country banks was that the farmer did not receive enough in return for their crops to liquidate the indebtedness at the banks which they had incurred during the year."[33]

Efforts to Lighten the Farmer's Burden

Good authorities admit that the credit situation in 1920-21 was a fundamental factor of the agricultural crisis of those years. Mr. Bonner spoke of the reform program of the American Farm Bureau Federation and of the great confidence which farmers had in the organization in expecting a

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33. Ibid., pp. 227-229.

restoration of high prices. The agricultural editorial writers were caustic in their criticisms of the Federal Reserve Board policies and of the high prices which farmers had to pay for commodities.

In those years of 1920 and 1921 the farm leaders, farmer organizations and several congressmen from the mid-west were demanding certain measures to alleviate, or at least to help, the farmer out of his very bad situation. One demand which was being made was the right of agricultural co-operative associations to organize and do business without fear of being prosecuted for violating the anti-trust laws. Another demand was that there be appointed on the Federal Reserve Board a member who should represent the agricultural industry; also that laws should be enacted to bring the packers under supervision and also the boards of trade in their selling of "futures". Farmers were not so directly interested in the settlement of the war debt and whether the United States joined the League of Nations but they did hope that their foreign market might be restored to them, either through credit being extended to the European countries by the government or by private parties. Their was a demand that the tariff should be raised on agricultural products which were suffering from foreign competition. Perhaps the greatest demand was

for legislative relief that would grant to the farmer some help in his present credit stringency. There was a hope that the War Finance Corporation might be of some aid to the farmer; that the amount an individual farmer might borrow on his land from the Federal Land Bank would be increased from $10,000 to $25,000; and also there was a great hope that the constitutionality of the Farm Loan Act would be upheld by the Supreme Court.

The farmers were quite stirred up about the drop in prices in the fall of 1920. It might be described as William Allen White spoke of it in an editorial: "Last Saturday there met in the Lyon County courthouse in response to a more or less spontaneous feeling, seventy-five good, well-fed, God-fearing, staunch, Republican farmers; the type that is on the county central committee, and serves in the district precinct committee--the big farm owners in this county. These men had no leadership and no program, but they were discussing correctly, but not excitedly, the condition which the farmer has to face.

'They saw rather definitely a gradual decline, indeed, an almost inevitable decline in the things the farmer has to sell--his livestock, his grain, his poultry, his hay--and they have seen this decline coming as interest rates have been rising and as the rent of land has been

rising and as the rent on land has been increasing and prices decreasing, farm labor has also taken an upward trend, and has not been affected as yet, by the unemployment of the cities. Moreover, it will take a vast degree of unemployment in the great cities to bring farm labor down to the point where it will correspond to the decline of farm products.

"So the farmers are between two grindstones.

"They are puzzled, they are out of patience, if they are not angry, they don't know what to do nor where to turn.

"The farmer is not talking politics, not now; he is not thinking much about political relief, but he will unless he does get economic relief; if this situation should continue through the campaign of 1924 this economic situation is going to take a political turn which is liable to be revolutionary in its character, not unlike the agrarian uprising of the nineties, which expressed itself in the Farmers' Alliance and the Populist Party."[34]

Mr. White did not feel as though the farmers would be satisfied with the tariff as a solution but felt as though they would demand something along these lines:

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34. William A. White, "The Farmer's Crisis," in Survey, Vol. XLV (December 18, 1920), p. 414, (Editorial from Emporia Gazette of December 3, 1920).

1. "Some special farm credit arrangement with the Federal Reserve Bank.

2. "Some security of price in the spring 1921 when he plants his crop for harvest in the fall.

3. "Some right of co-operative marketing, encouraged and possibly controlled and stimulated by the government, which will give him a fair show in the world market.

4. "A square deal from packers and big grain men in the big distributing centers."[35]

While the short session of the 66th session of Congress was going on, Senator Capper, of Kansas, proposed these measures for immediate relief: re-establishment of the War Finance Board, the suspension by the exchanges of future trading in farm products, the restoration of trade relations with foreign countries and the establishment of credits that will enable Europe to buy.[36]

Mr. E. T. Meredith of Iowa was appointed Secretary of Agriculture, early in 1920, to fill the vacancy caused by the appointment of the previous secretary, D. F. Houston, of Texas, to the treasury portfolio. Agriculturalists were glad for the change and predicted that Mr. Meredith would

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35. Ibid.
36. Henry Ramond Mussey, "The Farmers and Congress," in The Nation, Vol. CXII (January 5, 1921), p. 12-13.

lend farmers a sympathetic hearing; that he was open to the farm view point, a thing very necessary at this reconstruction time.[37] Mr. Meredith was eager to extend his department's service to the farmer as noted by his recommendation in his annual report:

"The making of every feasible effort to aid the farmer in obtaining necessary personal credit.

"Expansion of the work already begun by the department in finding means for utilizing surplus and waste farm products.

"Extension and development of co-operative marketing."[38]

The American Farm Bureau Federation officials at Washington were interested in certain legislation (p.41) and agricultural leaders regretted very much that the long session of the 66th Congress adjourned in the summer of 1920 without having passed some legislation which they deemed to be very necessary. However, agricultural co-operative associations did receive a friendly beckon to continue with their operations. In the annual appropriation bill for the Department of Justice a provision was inserted which pro-

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37. Wallaces' Farmer, Vol. XLV (February 6, 1920), p. 424.
38. "Department of Agriculture Recommendations," in Wallaces' Farmer, Vol. XLV (December 17, 1920), p. 2795.

vided that none of the funds were to be used against agricultural associations dealing in farm products.[39] This would seem to give co-operatives a clear operating right-of-way but this did not satisfy agricultural leaders. They wanted the Capper-Volstead bill passed. One act had been passed which they were particularly opposed to. That was the amendment to the Federal Reserve Law which allowed the Federal Reserve Board to charge a progressive rate of discount after a certain amount of paper had been rediscounted for a particular member bank.[40]

It is interesting to note that the American Farm Bureau Federation officials in Washington were in favor of and worked for the passage of the Esch-Cummins Transportation Act in 1920. It will be noted that agricultural leaders later point to this law as having been passed, especially to benefit the railroad owners, and that agriculture should be favored in the same way. One word of explanation is necessary, however, agricultural prices were high at the time this act was passed in the spring of 1920. In later years it was a constant demand of farm organizations that transportation rates be reduced.

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39. United States Statutes at Large, Vol. XLI, Part I, 66th Cong., 1 Sess., p. 208.
40. Ibid., 66th Cong., 2 Sess., p. 550.

As far as the extending of credit to European countries in order that they might purchase the surplus quantities of food in this country was concerned, government officials deemed it to be unwise for the government to do this. Mr. Hoover, speaking before the Kansas State Board of Agriculture voiced the above sentiment also and urged that credit be extended from private institutions of this country direct to the merchants of Europe. Mr. Hoover, at the same time, spoke very highly of co-operative associations but he believed it would take time to develop them.[41]

Quite typical of the farm bureau demands were those which the Iowa Farm Bureau demanded of the Iowa congressmen to work for in congress. "A protective tariff for farm products; revision of the Federal Farm Loan Act so that it will be more beneficial to Iowa conditions; some system of personal rural credits; resupervising the Federal Reserve Act; legislation which will permit collective bargaining among farmers; additional funds for the Department of Agriculture and passage of the truth-in-fabrics bill."[42]

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41. Frank M. Chase, "Hoover on Farm Problems," in Breeder's Gazette, Vol. LXXVIII (November 4, 1920), p. 914.
42. "Congressmen Learn Farm Needs," in Wallaces' Farmer, Vol. XLV (November 19, 1920), p. 2040.

The Presidential Campaign in 1920

A political party usually endeavors to give some attention to every dissatisfied group when it drafts its campaign platform in presidential contest years. Although the League of Nations was the big issue in the 1920 campaign, the agricultural question with its price decline of that year was not over-looked by either party. Farm organizations had representatives (not delegates), at both the Republican and Democratic conventions and both conventions recognized agricultural demands in their platforms.

The Republican platform on agriculture read as follows:

"The farmer is the backbone of the nation. National greatness and economic independence demand a population distributed between industry and the farm, and sharing on equal terms the prosperity which is wholly dependent upon the efforts of both. Neither can prosper at the expense of the other without inviting joint disaster.

"The crux of the present agricultural condition lies in prices, labor and credit.

"The republican party believes that this situation can be improved by practical and adequate farm representation in the appointment of governmental officials and commissions; the right to form co-operative associations for mar-

keting their products, and protection against discrimination; the scientific study of agricultural prices and farm production costs at home and abroad, with a view to reducing the frequency of abnormal fluctuations; the uncensored publication of such reports; the authorization of associations for the extension of personal credit; a national inquiry on the co-ordination of rail, water and motor transportation with adequate facilities for receiving, handling and marketing food; the encouragement of our export trade; and end to unnecessary price fixing and ill-considered efforts arbitrarily to reduce prices of farm products which inevitably result to the disadvantage both of producer and consumer; and the encouragement of the production and importation of fertilization material and of its extensive use.

"The federal farm loan act should be so administered as to facilitate the acquisition of farm land by those desiring to become owners and proprietors and thus minimize the evils of farm tenantry, and to furnish such long time credits as farmers may need to finance adequately their larger and long time production operations."[43]

The democratic platform recognized the need of the

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43. "The Agricultural Plank," in Wallaces' Farmer, Vol. XLV (June 18, 1920), p. 1002.

agricultural vote in their platform by saying, "We pledge prompt and consistent support of sound and effective measures to sustain, amplify and perfect the rural credit statutes and thus to check and reduce the growth and course of farm tenancy.

"We favor such legislation as will confirm to the primary producers of the nation and the right of collective bargaining and the right of co-operative handling and marketing of the products of the workshop and the farm, and such legislation as will facilitate the exportation of our farm products. We favor comprehensive studies of farm production costs and the uncensored publication of facts found in such studies. We favor the enactment of legislation for the supervision of the great interstate livestock markets."44

It is quite evident that regardless of which party was elected, agricultural leaders should see some of their wants realized if the party platform promises were carried out.

Senator Warren G. Harding spoke at length on behalf of agriculture in his acceptance speech when he said: "I hold that farmers not only should be permitted but encouraged to

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44. Ibid., (July 9, 1920), p. 1714.

join in co-operative associations to reap the just measure of reward merited by their arduous toil.

"Our platform is an earnest pledge of renewed concern for agriculture, and we pledge effective expression in law and practice. We hail that co-operation will make profitable and desirable the ownership and operation of small farms and will facilitate the marketing of farm products without the lamentable waste which exists under present conditions."[45]

Governor Cox, of Ohio, the Democratic nominee, on several occasions spoke on agricultural conditions. In his speech at the Minnesota State Fair he spoke of how labor and agricultural interests were interdependent. He hit the wrong key, however, when he urged the extension of agricultural acreage. One editorial condemned his point of view in advocating a definite plan of reclamation. "It is a matter of regret that Governor Cox does not recognize farm conditions at the present time, which call for profitable prices for farm products before we add to our production."[46] The mid-west was strong in its support of Harding in 1920. This was either because the Democratic ad-

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45. Wallaces' Farmer, Vol. XLV (September 17, 1920), p. 2163, political advertisement.
46. Ibid., p. 2167, editorial.

ministration was blamed for the price decline or due to a natural political situation.

Many farm papers lauded and praised candidate Harding's speech on Agriculture at the Minnesota State Fair. Harding pointed out that the following points seemed to him to be essential in developing a strong national policy:

"First, the need of farm representation in larger governmental affairs is urgent.....

"Second, the right of farmers to form co-operative associations for the marketing of their products must be granted.....

"Third, it is essential that we make a scientific study of agricultural prices and farm production costs, both at home and abroad, with a view to reducing the frequency of abnormal fluctuations here.....

"Fourth, we must put an end to unnecessary price fixing of farm products and to ill-considered efforts arbitrarily to reduce farm product prices.....

"Fifth, the farm loan act should be administered so as to help men who farm to secure farms of their own, and to give them long time credits needed to practice the best methods of diversified farming.....

"Sixth, we must refuse to recognize the right to speculative profit in our transportation systems, but at

the same time we must take steps to restore them to the highest state of efficiency as quickly as possible.....

"Seventh, the revision of the tariff must necessarily also be a factor in the preservation of the home market for American labor, American agriculture and American industry....."[47]

During the campaign the Country Gentleman, an eastern farm journal asked those questions of both presidential candidates:

"Will you commit yourself and your party: To perpetuate the Federal Farm Loan Banks and the further expansion of their facilities to meet the needs of financing farm business? We want to know this now.

"Will you truly to assist the farmer in estimating cost of production, taking into consideration every necessary factor involved and not depending upon vague and misleading averages?

"To a program calling for effective and disinterested control over great interstate commercial organizations en-

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47. "The American Farm Problem," in Gallaher's Farmer, Vol. XLV (September 17, 1920), p. 2171; Extracts from Senator Harding's Minnesota State Fair Address. "President-elect Harding Discusses Agriculture," in Progressive Farmer, Vol. XXXV (November 20, 1920), pp. 1850-1.
"Agriculture and 1920 Politics," in Orange Judd Farmer, Vol. LXVIII (September 18, 1920), pp. 1546-1572.

gaged for profit in the manufacture, transport tion and distribution of food products and farm supplies?

"To a program compelling the railroads to supply adequate rolling stock and terminal facilities to transport promptly and properly all farm products to market?

"To undertake the construction of a national system of highways so planned as to facilitate in the highest degree the movement of food products from the farms to the centers of distribution and consumption?

"To a program for simplification and improvement of marketing methods so as to minimize so far as possible specul tion in food products between farmer and consumer?

"To a program calling for a full exposition of all that happens in the dark between farmer and consumer, so that the consumer may thoroughly appreciate how small is the farmer's margin of gain on products he sells?

"To a program that will demand for the farmer his just share in the apportionment of transportation facilities for the movement of his crops after harvest?

"To a program which will give agriculture an equal voice with all other industries in the determination of transportation rates?

"To the appointment of a new country-life commission that will study and report upon the grave social problems

now involved in maintaining a new and modern standard of agriculture that will provide adequate home-grown food for the American people?

"To the support of a vitalized United States Department of Agriculture presided over by a secretary who through training and experience will have a sympathetic understanding of every phase of the industry of farming."[48]

Mr. Cox endeavored to answer the questions in the affirmative.[49] Undoubtedly, Mr. Harding answered in the same way. It would have been poor politics for either to have done otherwise.

Clearly, agriculture had received its share of attention in the campaign of 1920. Farm organization leaders had not only questioned the presidential candidates on their agricultural policies but the candidates for congress as well. After the campaign was over, in which the American Farm Bureau Federation had been very active, and as a result of which Senator Harding was elected, the farmers' legislative leaders put the proposition this way: "Not only must we make certain that they know the promises made, but they must know that the farmers know and will expect them to take steps at the earliest opportunity to fulfill

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48. Country Gentleman, Vol. LXXXV (October 30, 1920), p. 12, editorial.
49. Ibid.

these promises."[50]

This same writer claimed that a liberal interpretation of the language of the platforms, the speeches of acceptance, the replies to direct questions and other speeches might be read to pledge the next congress to the following:

1. "A practical, farm-wise Secretary of Agriculture.

2. "Farmer representation on governmental boards such as the Interstate Commerce Commission, Federal Trade Commission, Tariff Commission and Federal Reserve Board.

3. "A new, clean cut law putting farmer co-operation within the law.

4. "The extension of the Federal Farm Loan system.

5. "The enactment of a short-time rural credit law.

6. "Extended Federal aid for highways.

7. "Tax revision with consideration of agriculture.

8. "Tariff revision with consideration of agriculture.

9. "Development of transportation by railways, highways and waterways.

10. "Expended studies of cost of production of farm products.

11. "Regulation of unfair trade practices that tend to

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50. J. Clyde Marquis, "Getting Ready for Congress," in The Country Gentleman, Vol. LXXXV (November 6, 1920), p. 15.

make farm prices unfavorable to the farmer. This means control of livestock marketing and meat packing.

18." ovelopment of export markets through an American merchant marine."[51]

Of course, those pledges did not apply to the congressmen who would sit in the "lame-duck" session of the 66th Congress. Perhaps, though, some favorable legislation might be expected from this session of congress.

Revival of the War Finance Corporation

At the beginning of the short session of the 66th Congress, in December, 1920, there was a rush to push through several agricultural bills. Nothing very comprehensive can be expected of the short session of a congress and this one was no exception. Several bills which farm organizations leaders wanted could have been passed but were caught in the legislative jam at the end of the session.

Detailed plans of how the farm organizations went about to secure the legislation are often hard to find. However, the legislative programs of the two largest farm organizations are available. A contrast of the two programs

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51. Ibid.

shows a similarity and also that the program of the American Farm Bureau Federation was a more ambitious one than that of the Grange.

The program of the Grange called for: "Cooperative marketing recognized by law; equality in taxation, favoring excess-profits tax and opposing general-sales tax; discontinuance of government wartime activities; extension of postal savings banks; government control of nitrate manufacture; continued Federal aid for highways; honest labeling of woolen goods; support of Federal Land Banks; laws to control speculation in future trading."[52]

On the other hand, the American Farm Bureau Federation's program embraced the following:

"Embargoes until tariff revision can be made; extension of foreign markets; rural personal credits legislation; equitable tax assessments; federal supervision of interstate food trade; strengthening of Federal Farm Loan Act; railroad adjustment for agricultural supplies; extended government aid in control of animal diseases and insect pests; guaranteed income to railroads only on basis of actual value of roads; legalized co-operative marketing;

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52. J. Clyde Marquis, "Congress Seeks a Remedy," in the Country Gentleman, Vol. LXXXV (January 15, 1921), p. 24.

truth-in-fabrics legislation; simplified income tax law; farm representation on Federal boards and commissions; legislation to prohibit short selling in agricultural products; a Great Lakes-to-the-Sea deep waterway; tariff revision recognizing farm costs here and abroad."[53]

Undoubtedly, the most important agricultural legislation of the session was the revival of the operations of the War Finance Corporation and the failure of President Wilson to approve the Fordney Emergency Tariff bill.

Even the resolution calling for the revival of War Finance Corporation became a law by both houses of congress passing it over the presidential veto.[54] It was supposedly opposed by the Secretary of Treasury and other Federal Reserve Bank officials. The resolution reviving the corporation called for it to use its power to aid in the export of agricultural products. Concerning the importance of this act and the work of the corporation, Eugene Meyer, Jr., director of the War Finance Corporation, in 1920, said, "I believe now, as I believed then, that the War Finance Corporation--if it had continued to function--[the Secretary of Treasury had requested the corporation to discon-

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53. Ibid., pp. 24-26.
54. United States Statutes at Large, Vol. XLI, Part I, 66th Cong., 3 Sess., p. 1084-1085.

tinue its operations in May, 1920], would have been able to mitigate the suddenness and extent of the collapse in commodity markets and prices in the fall of 1920, which seriously affected the whole business machinery of the Nation and caused acute distress in the agricultural districts."[55]

The Senate and the House of Representatives passed the resolution over the executive veto by an overwhelming vote. The Senate passed the resolution by a vote of 58 to 5 and the House of Representatives by a vote of 250 to 66.[56] Bearing in mind the testimony of the corporation it would be one's judgment that it was well that the legislative body voted as it did.

The attempt of congress to pass an emergency tariff act to benefit agriculture failed because President Wilson vetoed it on March 3, the day before the session ended. Many congressmen were claimed to have voted for it with the expectation that the President would veto it. This was because it was rumored that the special session of the 67th Congress, to convene April 11, would give its first attention to tariff revision. There was much opposition to raising the tariff duties on agricultural products as it

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55. Report of the National Agricultural Conference, (1922), House of Representatives Report No.195, 67th Cong., 2 Sess., pp. 63-67.
56. Wallaces' Farmer, Vol. XLVI (January 14, 1920), p. 59.

was claimed that higher living costs would result. Two outstanding daily papers who defended raising the tariff to aid the farmer were the Toledo Blade and the New York Tribune.[57]

This period of deflation and depression, accompanied as it was by a sudden decline in prices had caused much worry and concern in the great agricultural districts. The American Farm Bureau Federation had been organized just before the break in prices happened. That organization had a tremendous task ahead of it if it was to satisfy its members. Agricultural leaders had blamed the Federal Reserve Board for bringing about deflation. They thought that the Board was wholly out of sympathy with agriculture and for that reason were demanding certain changes in its make-up. They thought the packers and other distributing agencies should be more effectively controlled.

Two actions upon the part of congress had been of some consolation to agricultural leaders. Those were: the Department of Justice was not to use its funds to prosecute agricultural co-operative associations for violation of the anti-trust laws. The second favorable congressional action

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57. Literary Digest, Vol. XLVIII (January 8, 1921), p. 13.

was the revival of the War Finance Corporation's activities.

Agriculture had made its voice and feeling heard in the political campaign in 1920. On paper and in speeches, their situation was lamented by the law makers. Would these campaign promises be made good after the new administration came into office? That is the subject of the following part of this thesis.

THE FARMERS' CONGRESS, 1921-1923

Agriculture, as already noted, was granted considerable attention in the political campaign of 1920. Farm leaders were anxious to see the political campaign pledges carried into effect. Soon after the campaign they set to work and endeavored to have the last session of the 66th Congress pass certain agricultural bills. They met with meager success. The only important thing accomplished in their favor was the reviving of the War Finance Corporation in order that the organization might use its financial powers to extend credit to foreign exporters and thus create a market for the surplus food products which were a "drag" on the depressed market. Farm leaders were more hopeful that, once the new Congress was in session, their demands would receive more attention.

Farm organizations had made it clear to the presidential candidates that they wanted and expected the Secretary

of Agriculture of the new administration to be a man who was well versed and trained along agricultural lines. President Harding's choice of a man for this position could not have been more pleasing to the mid-west agricultural region. Henry Cantwell Wallace, since 1916 managing editor of the farm magazine, Wallaces' Farmer, was appointed to that important portfolio. He was a man of wide agricultural experience--he had been closely associated with the work of the Corn Belt Meat Producers' Association, with the Iowa Farm Bureau and was instrumental in helping organize and start the American Farm Bureau Federation.

"His training and experience justify farmers in expecting that he will be the constant champion of their interests in public affairs and will bring to the attention of the leaders of other departments the just claims of agriculture for consideration in the present critical period.

"For several years Mr. Wallace has recognized the coming economic crisis and has expressed himself through his publication and in other ways as believing that a new national program must be developed. He now has the great opportunity that can come to any man to lead in a formation of this national program for agriculture to establish it on a sound basis and to secure for it a proper hearing by lead-

ers of the Government in all its branches."[1] This was the comment of one of the leading agricultural journals at the time of Mr. Wallace's appointment.

President Harding called the new Congress to meet in special session on April 11, 1921. In his message to congress, President Harding spoke at some length about questions which were vital to the farmer: transportation charges, the building of highways, deflation, the disproportion in the prices between livestock and meat and between grains and foods, and the importance of the early passage of an emergency tariff act to adequately protect American industries.[2]

The prominent farm organizations were represented at Washington by executive committees and many conferences were held to bring the congressional farmer spokesmen in touch with the agricultural situation. The farm organizations represented were: the National Grange, the American Farm Bureau Federation, the National Board of Farm Organizations, the National Milk Producers' Federation, the International Farm Congress and the National Farmers' Union. The farm leaders had listed the five great questions which

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1. J. Clyde Marquis, "The New Secretary of Agriculture," in The Country Gentleman, Vol. LXXXVI (April 2, 1921), p. [illegible].
2. Congressional Record, 67 Cong., 1 Sess., pp. 169-173.

needed to be settled, in the order of their importance: tariff, transportation rates, collective bargaining, packer control and taxation.[3] Congress was no sooner in session than a bunch of old farm bills, some in revised form, were introduced. Those bills dealt with the emergency tariff, packer control, grain futures control, federal high-way aid, the truth-in-fabrics bill, short time rural credits, cold storage control and co-operative marketing.[4]

In order to keep in touch with what the farmers themselves wanted in these legislative demands, an article which was entitled, "What Farmers Want", is quoted in part: "What is it the farmers want? The farmers want to raise their standard of living. They want more of the comforts of life. They want better houses, better roads, better schools and more of the home conveniences enjoyed by their city cousins. All these things cost money; so, stripped of all persiflage and sentimental rubbish, what the farmers want is more money. They want a larger return for their money. They want to simplify the machinery of distribution in some way which will enable them to obtain a larger share of the proceeds of sale, and they will not be content until

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3. J. Clyde Marquis, 'Congress Tries Again,' in The Country Gentleman, Vol. LXXXVI (May 21, 1921), p. 20.
4. Ibid.

this has been accomplished.

"The farmers are determined to have changes in laws, changes in finance and changes in our system of marketing. Such an ambition is the very essence of Americanism. It is what America stands for. America is for progress and civilization, and civilization as we understand it means clean, warm, comfortable homes, good surroundings and a just reward for a man's efforts. The American farmers are right in their ambitions and desires."[5]

The 67th Congress has been spoken of as the 'farmers' congress.' Why? Because it proceeded immediately to pass a number of important measures that were satisfying to agricultural leaders. This same Congress caused a most thorough investigation to be made of the agricultural situation. A particular group in congress, and especially in the Senate, known as the 'farm bloc" had a great deal to do with securing the passage of this legislation.

Legislation of the Special Session, 1921

One of the first legislative acts of the 67th Congress was to pass the Fordney Emergency Tariff Act.[6] Congress met

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5. Country Gentleman, Vol. LXXXVI (April 2, 1921), p. 12, editorial.
6. United States Statutes at Large, Vol. XLII, Part I, 67th Cong., 1 Sess., pp. 5-15.

in special session on April 11, and President Harding approved the act on May 27. This was a record. Industrial leaders claimed it to be ill-advised and hasty legislation but it was very gratifying to agricultural leaders.

The tariff duties levied on certain agricultural products for a period of six months were: wheat, 35 cents per bushel; flaxseed, 30 cents per bushel; corn, 15 cents per bushel; peanuts, 3 cents per pound; potatoes, 25 cents per bushel; onions, 40 cents per bushel; lemons, 2 cents per pound; cattle, 30 per cent ad valorem; sheep, $1.00 and $2.00 per head; fresh or frozen beef, veal, mutton, lamb and pork, 2 cents per pound; prepared meats of all kinds, 25 per cent ad valorem; cotton, having a staple of one and three-eighths inches in length, 7 cents per pound; unwashed wool, 15 cents per pound; washed wool, 30 cents per pound; butter, and substitutes therefor, 6 cents per pound; cheese, and substitutes therefor, 23 per cent ad valorem; fresh milk, 2 cents per gallon; cream, 5 cents per gallon; apples, 30 cents per bushel; cherries, 3 cents per pound; and olives, not in solutions, 3 cents per pound.[7]

While congress was in session in the summer of 1921, the prices of agricultural products continued to decline.

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7. Ibid., pp. 5-11.

Farmers had endeavored to hold their 1920 crops and that made further borrowing necessary. These short-time loans were coming due in 1921 and the farmer was in dire circumstances as he could not pay. The Farm Land Banks were unable to grant any further loans for it seemed that their capital was limited and the sale of farm loan bonds seemed slow. Investors chose to put their money into securities which paid a return greater than 5 per cent. The War Finance Corporation under its powers at that time was unable to grant any financial aid to country banks or to farmers directly.

The farmer sentiment concerning this credit situation was expressed in this way: "This emergency can be met only by putting the Federal Farm Loan system in such shape that it can take care of a big share of the farm loan business of the country. In order to do this, two measures are necessary. The first step is to put a bill through congress, authorizing the purchase by the Secretary of Treasury of 100 million dollars worth of farm loan bonds. This will help to take care of the pressing needs of the farmers at the present time.

"At the same time the Kenyon bill authorizing the payment of five and one-half per cent on farm loan bonds should be passed. It is, of course, possible that interest rates

may so decline that in a few months five per cent bonds will sell readily. If this is the case, the privilege granted by the bill may never be used."[8]

It should be noted at this point that the constitutionality of the Federal Farm Loan Act had been upheld by the Supreme Court in March, 1921. This attack upon the law, the tax-exempt bonds feature, had held up the operations of the system to a noticeable degree. Investors hesitated to purchase the bonds and the banks were reluctant to accept any more applications for loans until the decision had been rendered. Farmers received this decision with great satisfaction. However, the conditions stated above still remained. Congress dealt with the credit situation in a number of ways and, in a measure, satisfied the farmers' demands.

The Federal Farm Loan Act was amended in two respects. The capital stock of the Federal Land Banks was to be increased to $50,000,000 through loans from the national treasury.[9] The second bill authorized the payment of five and one-half per cent interest (for a limited time) on farm loan bonds which might be issued. The bonds might also be issued

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8. Wallaces' Farmer, Vol. XLVI (June 10, 1921), p. 857.
9. Statutes at Large, Vol. XLII, p. 105.

in much smaller denominations, even as low as $40.00.[10] The farmers were much pleased with these two laws for they felt it would make credit easier for them.

The War Finance Corporation Act was amended in such a way as to make it possible for that organization to lend up to $1,000,000,000 for the purpose of buying, holding and exporting agricultural products.[11] This would furnish much needed credit if foreign demand and machinery for handling the products be provided. Thirty-three agencies were established in the important agricultural districts to receive applications, pass upon the security offered, and make recommendation to the board of directors at Washington.[12]

The amendment authorized the Corporation to "make advances.....to any bank, banker or trust company in the United States which may have made advances for agricultural purposes, including the breeding, raising, fattening and marketing of livestock."[13] The Corporation made these advances to the banks for five and one-half to six per cent, depending upon the time of the loan and whether it was renewable. The banks might charge the farmer an additional

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10. Ibid., p. 159.
11. Ibid., pp. 181-185.
12. Digest of National Agricultural Conference, 67th Cong., 2nd Sess., p. 66.
13. Statutes at Large, Vol. XLII, p. 182.

two per cent.[14]

This law was approved on August 24, 1921 and a statement by Eugene Meyer, Jr., director of the corporation, concerning the activities of the corporation in the succeeding months was made to the National Agricultural Conference. Mr. Meyer stated that, "In November, 790 applications for advance for agricultural and livestock purposes, involving over $38,000,000, were acted on by the corporation. The volume of business continued to grow until, on January 19, 1922, more than 3,000 advances to banking and financial institutions for such purposes, aggregating about $128,000,000, had been approved, in addition to large advances to co-operative marketing organizations."[15]

True enough, these credit measures were emergency measures but they were what the farmer and farm organizations were demanding. It will be seen shortly, though, that the farm organizations wanted a system of personal credits devised especially for the agricultural industry.

Two more important acts of this special session deserve special mention. They were the Packers and Stock-

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14. John A. Cavanaugh, "Easier Credits for Iowa Farmers," in Wallaces' Farmer, Vol. XLVI (October 21, 1921), 1925.
15. Report of National Agricultural Conference, p. 68.

yards Act,[16] and the Grain Futures Act,[17] the latter known as the Capper-Tincher bill. These bills had been before congress in one form or another for several years. They were found to be listed among the demands of farm organizations for the past few years. It was no easy task to get them through congress for the interests which were to be regulated by these two laws have very bitterly opposed their passage.

Both of these laws were to be administered by the Secretary of Agriculture. "In the case of the Act first named, the packers are prohibited from any unfair, unjustly discriminatory, or deceptive practices or devices; from giving undue preference; from apportioning the supply of any article with the effect of restricting commerce or creating a monopoly; from manipulating or controlling prices; from apportioning territory or purchases or sales. Commission merchants, persons furnishing stockyard services, and dealers at yards are required to establish, observe, and enforce just, reasonable, and nondiscriminatory rates..... The Act carries suitable penalties. The packers, stockyards, and market agencies may appeal to the courts if their rights are infringed."[18]

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16. Statutes at Large, Vol. XLII, pp. 159-169.
17. Ibid., pp. 998-1003.
18. Yearbook of the U. S. Department of Agriculture, 1921, pp. 23-34.

The future trading act imposes a prohibitive tax of 20 cents per bushel on future-delivery exchange transactions known to the trade as "privileges", "bids", "offers", "puts and calls", "indemnities", or "ups and downs". It also provides for a tax of 20 cents per bushel upon grain sold for future delivery, except that the seller is the owner or grower of the grain, or the owner or renter of land on which it was grown, or an association of such owners or growers, or owners or renters of land, or when such contracts are made by or through a member of a board of trade which has been designated by the Secretary of Agriculture as a contract market."[19] This bill did not interfere with legitimate trading as conducted on these exchanges nor with hedging or speculation as long as it does not go to the extent of unfair manipulation.

Soon after the passage of those laws, members of the grain exchanges and big packers brought test cases into the courts to determine the constitutionality of the laws. The Packers and Stockyards Act stood the constitutional test but the Grain Futures Act was declared to be unconstitutional. The regulatory provisions of the act were declared to be invalid, on the ground that such trading was not inter

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19. Ibid., p. 34.

state business. This decision denied the government of the right to examine the books of traders on the exchanges and according to Senator Capper, the "teeth" had been taken out of the law.[20] However, the tax provision of the first law was upheld by the Supreme Court on "hides" and "nuts and bolts", but such taxation was soon discontinued. Later congress passed another law in regard to future trading but it will be mentioned at the proper time.

Another important act which agriculturalists had asked for and which would, in time, prove of real benefit to the country was the Federal Highway Act which laid the beginning of a constructive highway system. This was the act which laid the foundation whereby the Federal Government would help each state under certain conditions to build a certain number of miles of roads each year.

The special session of the 67th Congress was one session which did not forget the farmer. Farmers were highly pleased with the laws which had been passed for their benefit. One farm journal said, "..... and shows from the farm standpoint the past six months have witnessed more legislation helpful to agriculture than any other similar six

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20. "Supreme Court Kills Future Trading Act," in Wallaces' Farmer, Vol. XLVII (May 26, 1922), p. 604.

months in our history. Congressmen from farm districts can go home to their constituents and point to their record with considerable satisfaction."[21]

Secretary Wallace made this statement about the special session: "Never in the same length of time did congress give more serious attention to farm needs. All of this legislation is of a constructive character and will be more helpful than is now realized. Concerning the efforts to make easier credit conditions, there is this to be remembered: Better prices for the crops the farmers have to sell and lower prices for the things they have to buy are far more needed than an opportunity to go further in debt."[22]

These questions may possibly arise--How had all the farm legislation been secured --How much did the farm organization leaders have to do with it?--Did congress suddenly become farm-minded? Did it realize the demoralized condition of farm prices? Were the new congressmen endeavoring to carry out party platform pledges?--Was it due to the activities of some particular group who took it upon themselves to see that the farmer was justly cared for? A correct answer would be difficult to give. However, there was

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21. Ibid.
22. Yearbook of U. S. Department of Agriculture, 1921, pp. 12-15.

feeling among farm leaders that their separate efforts, together with the efforts of a group of congressmen known as the Farm Bloc, had much to do with the success of passing farm legislation.

The Agricultural Bloc

What was the "agricultural bloc"? Senator Arthur Capper, one of its members, defined it thus: "The agricultural bloc is that group of members of congress who have recognized that our economic well-being threatens the nation if the foundations of our prosperity are undermined."[23]

The agricultural group, later named the "bloc" by popular writers, was formed at a meeting called by Senator Capper, May 9, 1921, held in the committee office of the American Farm Bureau Federation, at which twelve senators met to decide on a program for a unified effort in [the special session of the 67th Congress was in session at that time.] It included an equal number of representatives of the two leading political parties, principally senators from the Middle West and South, our great agricultural sections, where the situation was most acute. Those present were Senators W. S. Kenyon, of Iowa; Arthur Capper, of

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23. Arthur Capper, The Agricultural Bloc, (New York, 1922), p. 3.

Kansas; G. W. Norris, of Nebraska; F. R. Gooding, of Idaho; E. F. Ladd, of North Dakota; Robert M. LaFollette, of Wisconsin; E. D. Smith, of South Carolina; J. B. Kendrick, of Wyoming; Duncan U. Fletcher, of Florida; Joseph E. Ransdell, of Louisiana; J. T. Heflin, of Alabama; and Morris Sheppard, of Texas.

"At this meeting also there were present representatives of government departments, asked in to act as advisers on the program that should be adopted. There were representatives of the farmers who were asked to tell what farmers felt were their outstanding needs. The declaration of purpose by Senator S. D. Jerger, of Iowa, was that this group give thorough and earnest consideration to the outstanding proposals to the end of securing action by congress. Four committees were appointed on the following subjects: Transportation, Federal Reserve Act, Commodity Financing and Miscellaneous Agricultural Bills.

".....From this beginning in May, 1921, the group was enlarged to include some 25 senators and meetings were held from time to time at the office of Senator Kenyon.

".....The following senators joined the group: Charles L. McNary, of Oregon; Peter Norbeck, of South Dakota; John B. Kerrell, of Oklahoma; W. H. Jones, of New Mexico; William J. Harris, of Georgia; H. F. Shurst, of Arizona;

Pat Harrison, of Mississippi; Wesley L. Jones, of Washington; Robert D. Stanfield of Oregon; Frank B. Kellogg, of Minnesota; Charles S. Watson, of Iowa, and Claude A. Swanson, of Virginia.

"A similar movement was started in the House and a group of representatives with the same purpose and non-partisan objective was organized to represent the leading agriculture districts. [W. T. Dickinson, of Iowa became the recognized leader of the group in the House and it came to include about 100 members]

"The Agricultural Bloc was the result of the conviction forced upon the more thoughtful representatives of the farmers that they must unite on a simple and direct program in order to bring the nation to see the needs in the emergency and to act before it was too late."[24]

That was the opinion of this "farm bloc" which had loosely organized itself with the farm organization representatives in Washington to put through legislation favorable to the farmer?

The New York Journal of Commerce said: "The whole program--or certainly the major portion of it--is based upon false premises. The congressional theory seems to be

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24. Ibid., pp. 9-12.

that farmers are being exploited by other interests, no inconsiderable part of which live as parasites upon the agricultural communities. The local procedure is therefore (they reason) to enact legislation which will free the farmer from this burden. Unfortunately, however, they are not willing to step over these, but on the contrary, desire special government favor or subsidy for agriculture."[25]

Senator Capper condemns the bloc as not fitting into our political institutions. He adds the comment that its membership is composed of lawyers and not of real farmers.[26] Senator Capper was opposed to the "farm bloc" because it was having its way and too much in the radio and was interfering with certain administration plans.

The Philadelphia Ledger said: "The hoof marks of the 'farm bloc' incur no very serious stain on the administration profile. The cattle from the corn belt and the Cow Country have mutilated the tariff program and have the administration but much dirt on the tax, tariff, railway and other bills [illegible]."[27]

It might be expected that the farm press would encourage and support the bloc. At the time when it was in-

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25. Ibid., p. 115.
26. [illegible]. Coss, "The Agricultural Bloc -- Its Perils, Its Opportunities," [illegible], Vol. LXX (October, 1921), pp. 472-473.
27. Capper, op. cit., p. 122.

ing formed this editorial statement was made: "It will be noted that both republicans and democrats are in the group and that both south and north are represented. A group of this sort can exercise a powerful influence on legislation. If they will stand together they can force favorable action on matters of importance to farmers, if necessary by the simple process of blocking contested legislation until they get what they want."[28]

Not all of the big city dailies were opposed to the activities of the bloc. The Washington Herald said: "In turning to a fair examination of what the bloc has done with its power, it must be said that so far as these measures are concerned, which they initiated or advocated, little can be said in the nature of criticism even by those who are mostly disposed to deplore the underlying principle of group action in politics....."[29]

The 'farm bloc' worked in close harmony with the representatives of farm organizations in Washington, and with other industrial empires. From the very first meeting the agricultural bloc was favored with the constructive advice of leaders who were familiar with the agricultural situation

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28. Gallagher, Editor, Vol. [illegible] (May 20, 1921), p. 760, editorial.
29. Tapper, op. cit., p. 154.

as well as numbers of other men prominent in national affairs, business and industry, who realized that the improvement of agricultural conditions was the first step toward the revival of prosperity.

"In this group must be named Secretary of Agriculture, Wallace; Secretary of Commerce, Hoover; James R. Howard, president of the American Farm Bureau Federation; Charles S. Barrett, president of the Farmers' Union; S. J. Lowell, master of the National Grange; Fred H. Bixby, president of the American National Livestock Association; Gifford Pinchot Barney Baruch, Eugene Meyer, Smith Brookhart, Aaron Sapiro, and Thomas A. Edison.

"Supplementing the advice of these leaders the members of the Bloc were in constant touch with.....Gray Silver, of the American Farm Bureau Federation; Mr. T. C. Atkeson, of the National Grange; Charles A. Lyman, of the National Board of Farm Organizations; Charles Holman, of the National Milk Producers' Federation and many others."[30]

President Howard, of the American Farm Bureau Federation made this statement concerning the Federation's work. ".....Impressed with the need for some new method, we lent our support to the agricultural bloc as a new and above-

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30. Ibid., pp. 146-147.

board method of getting what we felt was needed, an open covenant, openly arrived at, so to speak. The organization of the bloc in the Senate and later in the House was an opportunity for putting our method of approach to congress upon a higher plane, and we were glad to take advantage of it."[31]

Needless to say, from the type of members associated with the "agricultural bloc" and the manner in which it worked with farm organization leaders rightly received much credit for the agricultural legislation of the special session.

The bills for which it worked especially hard were: the Emergency Tariff, the Norbeck Tariff bill, the bill providing for the Treasury to loan $25,000,000 to the Federal Farm Loan Board, the Grain Futures bill, the Packer's Control bill, and the Kenyon bill amending the War Finance Corporation Act to provide relief for producers of agricultural products.[32]

It is well to mention that the "farm bloc" continued its program of working for farm legislation, and checking other legislation until it succeeded, during the remaining

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31. Harry A. O'Brien, "Another Year of Farm Bureau Achievement," in The Country Gentleman, Vol. LXXXVI, (November 10, 1917), p. 5.
32. Capper, op. cit., pp. 143-144.

sessions of the 67th Congress. During that time its program included the Capper-Volstead Co-operative Marketing bill; the bill providing for the representation of agriculture on the Federal Reserve Board;[33] farm credits legislation which would meet the requirements set forth by the Joint Commission of Agricultural Inquiry; the Truth-in-Fabrics bill; the Filled Milk bill, designed to prevent the manufacture and sale of products as milk containing vegetable fats; and the Muscle Shoals development plan for the purpose of producing fertilizers.[34] The "farm bloc" influence and power must have continued for a number of these bills were enacted into law.

Congress Investigates the Agricultural Situation

How congress passed legislation to aid agriculture has already been noted. The special session of the 67th Congress passed one resolution which was equally important to agriculture. That was Senate Concurrent Resolution No.4 which created the Joint Commission of Agricultural Inquiry. The resolution was passed in June, 1921, the members of the commission were appointed, and was requested to make its

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33. Ibid., p. 144.
34. Ibid., pp. 150-151.

reports in 90 days. That time was found to be all too short and the time was extended to January, 1923.

The Commission was to investigate and report upon the following subjects:

1. "The causes of the present condition of agriculture.

2. "The cause of the difference between the price of agricultural products paid to the producer and the ultimate cost to the consumer.

3. "The comparative condition of industries other than agriculture.

4. "The relation of prices of commodities other than agricultural products to such products.

5. "The banking and financial resources and credit of the country, especially as affecting agricultural credits.

6. "The marketing and transportation facilities of the country."[35]

The House members of this Commission were Sydney Anderson, of Minnesota, who served as chairman; Ogden L. Mills, of New York; Frank H. Funk, of Illinois; Hatton W. Sumners, of Texas; and Peter C. Den Dyck, of New York.

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35. The Agricultural Crisis and Its Causes, being Part I of the Report of the Joint Commission of Agricultural Inquiry, (1921), House of Representatives, Report No.408, 67th Cong., 1 Sess., p. 9.

The Senate members were Irvine L. Lenroot, of Mississippi; Arthur Capper, of Kansas; Charles L. McNary, of Oregon; Joseph T. Robinson, of Arkansas; and Pat Harrison, of Mississippi. Clyde L. King, of the University of Pennsylvania served in the capacity of economist.[36]

This commission made a very exhaustive study of the agricultural situation. To do so it held extensive and lengthy hearings, calling before it many farmers, business men, farm organization leaders, and experts in many lines. These hearings were held, primarily, to establish a background for the statistical data upon which the conclusions of the commission were based. Many government departments and organizations furnished statistical data and on the basis of this data and the hearings the commission made its report.

The commission's report is a lengthy one and was divided into four parts: 1. The Agricultural Crisis and its Causes; 2. Credit; 3. Transportation; and 4. Marketing and Distribution. An idea of the comprehensive scope of these reports may be gotten from a mere enumeration of the number of pages which the reports contained. In the order mentioned above they consisted of 240 pages, 159 pages, 653

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36. Ibid., p. 2.

pages, and 262 pages respectively. The details of all the recommendations of these reports do not fall within the scope of this thesis. However, various parts of their reports have been cited and later citations will be made.

The general recommendations of the commission were as follows:

1. "That the Federal Government affirmatively legalize the co-operative combination of farmers for the purpose of marketing, grading, sorting, processing, or distributing their products.

2. "That the farmer's requirements for credit corresponding to his turnover and having maturity of from six months to three years, which will enable payment to be made from the proceeds of the farm, be met by an adaptation of the present banking system of the country, which will enable it to furnish credit of this character.

3. "That there should be a warehousing system which will provide a uniform liability on the part of the warehousemen and in which the moral and financial hazards are fully insured. To this end the commission suggests the extension of the existing Federal warehouse law and the passage by the several states of uniform laws regulating the liability of warehousemen and the services rendered by them.

4. "The commission believes that an immediate reduction

of freight rates on farm products is absolutely necessary to a renewal of normal agricultural operations and prosperity and recommends prompt action by the railroads and constituted public authority to that end.

5. "That there should be an extension of the statistical divisions of the Department of Agriculture, particularly along the lines of procurement of livestock statistics.

6. "That provision should be made by congress for agricultural attaches in the principle foreign countries producing and consuming agricultural products.

7. "The development by trade associations and by State and Federal sanction of more accurate, uniform and practical grades of agricultural products and standards of containers for the same.

8. "That adequate Federal appropriations should be made for the promotion of better book and record keeping of the cost of production of farm products on the basis of the farm plant unit, as a basis for the development of more efficient methods of farm management.

9. "Provision for an extended and co-ordinated program of a practical and scientific investigation through State and National departments of agriculture and through agricultural colleges and universities directed toward reducing the hazards of climate and weather conditions and

of plant and animal diseases and insect pests.

10. "More adequate wholesale terminal facilities, particularly for handling perishables at primary markets and a more thorough organization of the agencies and facilities of distribution of the large consuming centers of the country.

11. "The development of better roads to local markets, joint facilities at terminals connecting rail, water, and motor transport systems and more adequate facilities at shipping points with a view to reducing the cost of marketing and distribution.

12. "The renewal of conditions of confidence, and industrial, as well as agricultural prosperity is dependent upon a readjustment of prices for commodities to the end that prices received for commodities will represent a fair division of the economic rewards of industry, risk, management, and investment of capital. These conditions can not be brought about by legislative formulas but must be the result for the most part of the inter-play of economic forces. The Government and the States within their respective spheres should do by legislative and administrative action what it may be possible to do, based upon sound principles to facilitate this readjustment.

13. "That greater effort be directed to the improve-

ment of community life."[37]

The recommendations of this commission were wide in their scope. Congress usually tends to follow the recommendations of its own committees rather than those of independent commission when it comes to enacting legislation. Agriculture was right in the "grips" of a severe price depression when the commission reported its findings. Surely this commission had acted at a very opportune time for the farmers. In a few cases the commission made specific recommendations as to certain legislation that should be enacted. An example of this was the bill to amend the farm loan act by establishing a farm credits department in each Federal Land Bank.[38] Agricultural leaders were glad to have congress investigate the situation. As a matter of fact the recommendations of the commission served as a congressional textbook for writing agricultural legislation for several years to follow.

The National Agricultural Conference

The Joint Commission of Agricultural Inquiry had hardly completed its work of investigating the agricultural

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37. Ibid., pp. 10-11.
38. Ibid., Being Part II, of the Report of the Joint Commission of Agricultural Inquiry, (1922), House of Representatives, Report No.408, 67th Cong., 1 Sess., p. 9.

situation when another group was called together to make a survey of the industry's condition. The group mentioned was a number of persons called to attend a National Agriculture Conference which Secretary of Agriculture Wallace had called at President Harding's request. However, it was Mr. Wallace's suggestion that a conference be held. Mr. Wallace called the conference to meet on January 23, 1922. It was in session for four days.

President Harding left it to Secretary Wallace to issue the invitations to the conference. The only suggestion which the President made was that in addition to inviting the ablest representatives of agricultural production, it would be well to include in the conference those who were engaged in industry most closely associated with agriculture.

"A total of 439 people were invited to come as delegates to the conference distributed as follows: Farm group: farmers, 275; and farm women, 25; a total of 300. Farm officials: State officials, 17; agricultural colleges, 25; economists, 6; and agricultural editors, 27: a total of 75. Farm business group: distributors, 21; manufactures, 12; bankers, 10; transportation, 9; and public men 12; a total

of 64."[39]

It can clearly be seen that it was to be an "agricultural" conference. The farm group had received over half of the invitations. Surely the recommendations of this conference should express the sentiments of the farm people.

An enumeration of some of the prominent, nationally known people at the conference causes respect for its deliberations and recommendations. Among those present were: Lyman Abbott, who had been chairman of the Joint Commission of Agricultural Inquiry and who served as chairman of this conference as well; Mr. T. C. Atkeson, representing the National Grange; Julius H. Barnes, former chairman of the United States Grain Corporation; Charles S. Barrett, president of the National Farmers' Union; B. M. Baruch, former chairman of the War Industries Board; Senator Arthur Capper, of Kansas; Richard T. Ely, economist; Samuel Gompers, president of the American Federation of Labor; G. N. Haugen, congressman from Iowa; J. R. Howard, president of the American Farm Bureau Federation; W. M. Jardine, president of Kansas State Agricultural College and future

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39. Report of the National Agricultural Conference, (1922), House of Representatives, Document No.195, 67th Cong., 4th Sess.

Secretary of Agriculture; S. J. Lowell, master of National Grange; Eugene Meyer, Jr., managing director of the War Finance Corporation; George N. Peek, of Moline, Illinois, a farm machinery manufacturer; Gifford Pinchot, nationally known forester; Aaron Sapiro, attorney for co-operative associations; Gray Silver, of the American Farm Bureau Federation; Ralph Snyder, president of Kansas Farm Bureau; H. A. Wallace, editor of Wallaces' Farmer; Henry J. Waters, editor of Kansas City Star; Carl Williams, president of American Cotton Growers' Exchange.[40]

President Harding addressed the conference in its opening session and called to its attention the need of studying and if possible solving the problems facing agriculture. The New York Times summarized his recommendations to the conference in six points:

1. "Provision for greater working capital for farmers.

2. "Extension of cooperative marketing associations.

3. "Better dissemination of scientific information.

4. "Measures to protect farmer and consumer from violent price fluctuations.

5. Greater development and use of waterways and eventual electrification of all railroads.

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40. Ibid., pp. 186-195.

6. "Fuller development of natural resources through increased reclamation."[41]

Secretary Wallace in a short message explained the purpose of the conference and stated that the problem before the conference divided itself naturally into two parts: "First, the present emergency and how best to break it; second, the consideration of future policies with a view to building here a permanent sustaining agriculture..... To all who have given it thought, it is evident that constructive effort must center in three fields: First, what may be done properly through legislative action; second, what may be done through administrative and educational effort, national and state, by the various agencies charged with the duty of fostering agriculture; thirdly, what may and should be done by the farmers themselves either individually or through their organizations."[42]

Chairman Sydney Anderson, who had served as chairman of the Joint Commission of Agricultural Inquiry as well, gave an extended report of that commission's work to the Conference. The Conference heard reports on agricultural conditions from all parts of the country as well as reports

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41. "The Farmer's Need and the Farmer's Power," in The Literary Digest, Vol. XCVII (February 2, 1929), p. 8.

42. Report of National Agriculture Conference, p. 14.

on industries closely allied to agriculture such as grain marketing, the meat-packing and the fertilizer industry.

The real work of the conference was done by the twelve committees to which the various delegates had been assigned and accepted positions. Each of these committees studied its particular problem and submitted its recommendations to the conference and most of them were accepted. The work of each committee can not be reviewed but the names of the committees suggests the scope of the conference's deliberations. The various committees were: 1. Agriculture and Price Relations; 2. Agricultural Credit, Insurance and Taxation; 3. Transportation; 4. Foreign Competition and Demand; 5. Costs, Prices and Adjustments; 6. Crop and Market Statistics; 7. Marketing of Farm Products; 8. Agricultural Research and Education; 9. A Permanent Forest Policy; 10. A National Land Policy; 11. Farm Population and Farm Home; and 12. Co-ordination of State and Federal Legislation.[43]

The recommendations endorsed by the delegates of the conference were summarized by the New York Herald in the following six points:

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43. Ibid., pp. 195-200.

1. "That the banking facilities of the country should be revised so that farmers, livestock raisers and others in kindred industries might be better able to obtain loans--this to be accomplished by revision of the Federal Reserve Act, a temporary continuation of the War Finance Corporation and the extension of the authority of the Farm Loan Board.

2. "That congress specifically provide in the law that farmers' co-operative organizations, for the sale of farm products through combinations of farmers, be legal--some doubt existing as to whether this is the case under the present act.

3. "That the American Government participate in such conferences which are not 'contrary to national policy,' in regard to the economic restoration of Europe--there being no doubt of the necessity for participation in the Genoa conference, although Genoa was not specifically mentioned.

4. "That freight rates be reduced at once to the level before August 25, 1920, and that still further reductions be made, both railroad labor and railroad coal or else labor called upon to accept lower wages.

5. "That congress take up the immediate study of the question of whether there should be a government price guaranty on farm products, as on wheat during the war, so

that the farmer might be insured against loss.

6. "That the United States Government accept the proposal of Henry Ford to take over and operate the nitrate plant at Muscle Shoals; that the cost of fertilizer may be reduced to the farmers."[44]

These recommendations were large in scope and for the most part had to do with legislative or administrative demands upon the National Government.

Every conference has its radical group and this gathering was no exception to that rule. About 40 delegates from the original Conference drafted a more radical minority program. Its demands were summarized by the New York Call in the following points:

"An immediate Federal loan of $100,000,000 to tide impoverished farmers over the present emergency.

"Stabilization of prices on wheat, corn, cotton and wool.

"Creation of a Federal Agency to limit profits on these four staples by millers, elevators and bakers.

"Agencies to finance the marketing of surplus food products abroad. The reader is asked to keep this point in mind.

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44. "What the Farmer Wants," in The Literary Digest, Vol. LXXVII (February 2, 1924), p. 10.

"Restoration of the excess profits and inheritance tax to remove the burden of taxation from farmers and all other producers of wealth.

"Immediate enactment of the Capper-Volstead Co-operative Marketing bill.

Unified government operation of the railroads with an immediate reduction of approximately 33 per cent in freight rates.

"Eventual government ownership of railroads.

"Acceptance of Henry Ford's Muscle Shoals offer."[45]

Several other individual recommendations of committees were: Farmers were urged to continue to reduce overhead expense by efficiency in crop production, to diversify crop production and to adjust farm operations to market demands. The President was urged to establish a national agricultural council. It was recommended to congress that it prohibit the issuance of tax-free securities except farm loan bonds,[46] a request which it would be impossible for congress to grant.

Another general resolution which the Conference adopted was one approving the action of the agricultural bloc.

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45. Ibid.
46. Report of the National Agricultural Conference, pp. 185-186.

"We commend and approve the action of those members of the House and Senate comprising the Agricultural Bloc who, regardless of party, so early saw the emergency and have so constantly supported a constructive program for the improvement of agriculture and the betterment of rural life."[47]

Congress was in session at this time (January, 1922). Surely it had been sufficiently advised as to what should be done for the farmers. On the one hand it had the recommendations of its own committee, the Joint Commission of Agricultural Inquiry. Also it had the recommendations before it of the National Agricultural Conference which was made up of delegates of twenty different national farm organizations, the particular delegates coming from 37 states; of 80 individual farm delegates from 30 different states; of 79 delegates who were commissioners of agriculture or state officials in some agricultural capacity, representatives of agricultural colleges and agricultural editors; of 62 delegates representing business; and of 18 women delegates.[48]

If congress should act favorably on one set of recommendations it would be doing likewise upon the other set

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47. Capper, op. cit., p. 137.
48. Report of the National Agricultural Conference, pp. 131-132.

for there was considerable similarity and over-lapping in some instances. Especially was this true in regard to rural credit and co-operative marketing recommendations.

Farmers May Form Co-operative Organizations

When congress convened in December, 1921, it could take up the question of agricultural legislation where it has stopped in the fall. "What the farmers want" was the big topic of the day. Congress had before it the first report of the Joint Commission of Agricultural Inquiry. Undoubtedly the chief wants of the farmers, in the way of legisl tion, were the legal right to organize co-operative marketing associations, agricultural represent tion on the Federal Reserve Board, and the passage of a law granting additional credit for the farmer.

Perhaps the last point needs explanation. Had congress not passed three or four credit measures for the benefit of farmers in the past year, and among those the extension of the powers of the War Finance Corporation? That is true. The amendments to the Federal Farm Loan Act had made it possible for many farmers to renew and possibly to add to the mortgage loans on their farms. The activities of the War Finance Corporation had helped a great deal, However, the credit which the corporation had ex-

tended to rural banks has been used by the farmers, chiefly to pay off old obligations and renew short time loans for money, which had already been used, but it did not make it possible for the farmers to borrow additional funds to continue with their farming operations.[49] Furthermore the original loaning activities of the Corporation would cease on June 30, 1922.

The various demands of the farmers were widely heralded over the country. There was a feeling over the country that if the "farm bloc" in congress continued to exert its influence and power that the farmer was quite likely to get what he wanted.

The American Farm Bureau Federation held its annual convention in Atlanta, in November; it re-elected J. R. Howard and O. E. Bradfute to their offices of president and vice-president; several changes were made in the executive committee membership, one of them being the election of Ralph Snyder, of Kansas. The convention adopted a big program and in brief some of their resolutions were: Pledged the Federation to encourage co-operative marketing; requested a tariff on farm products equal to the difference in cost of production at home and abroad; objected to a

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49. "Is War Finance Making Good," in Wallaces' Farmer, Vol. XLVI (December 30, 1921), p. 1555.

general sales tax and the repeal of the excess profits tax, and favored high surtaxes on large incomes; urged longer time and more adequate credit for farmers; asked for a law to clearly define the right of farmers to market their products co-operatively; favored the truth-in-fabric legislation; and urged repeal or modification of the Adamson and Esch-Cummins laws.[50]

A magazine, read by thousands of readers, not many of which would be farmers listed the farmers wants of congress in nine points:

1. "The Capper-Volstead Co-operative Bill, authorizing the formation of agricultural co-operatives associations to do business in inter-state trade.

2. "Truthful branding of seeds, foods, and fertilizers, and woolen fabrics and prohibition of the manufacture of bogus milk products.

3. "Immediate lowering of freight rates.

4. "Protection of co-operatives against discriminating trade practices.

5. "Adequate protection from foreign competition in the Tariff Bill.

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50. "Created to Serve Farmers Better," in Wallaces' Farmer, Vol. XLVI (December 2, 1921), p. 1442.

6. "Extension of governmental information gathering facilities as to the production, movement, and prices of raw farm commodities and more adequate cost of production surveys in this and competitive countries.

7. "A co-operative personal credit act to facilitate short-time loans.

8. "Enlargement of credit facilities for commodity loans.

9. "Restoration of control of the Federal Farm Loan system to the member associations."[51]

Secretary Wallace had outlined a new program for agriculture in a speech before the Boston Chamber of Commerce. In his speech he emphasized that certain legislative measures were highly desirable, especially in regard to credit facilities, statistical gathering facilities, federal supervision of public marketing agencies and charges in freight rate schedules.[52] Hence, business knew quite well what agriculture wanted.

The farmers seemed to have a real friend in President Harding. Either because of campaign promises or because he advocated several legislative measures for congressional

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51. Charles W. Holman, "The Cure for Rural Unrest," in The Outlook, Vol. CXXIX (December 7, 1921), p. 567.
52. "What the Farming Business Needs," in Wallaces' Farmer, Vol. XLVI (December 30, 1921), p. 1554.

consideration and action in his address to congress in December, 1921. Catch phrases from his address were: "Something more than tariff protection is required by American agriculture..... Every proper encouragement should be given to co-operative marketing programs..... It is inevitable that large crops lower the prices and short crops advance them. No legislation can cure that fundamental law. But there must be some economic solution for the excessive variation in returns for agriculture production."[53]

As soon as the preliminaries of starting a congressional session were disposed of, the various committees of congress had before them a number of both old and new agricultural bills. Bills to provide adequate credit facilities for farmers headed the list but the long session of the 67th Congress ended in the fall of 1922, without enacting a real credit measure for agriculture. The War Finance Corporation seemed to have met with general approval of farmers and they desired that its activities be extended and enlarged, at least until other rural credit facilities were available. Eugene Meyer, Jr., Secretary Hoover and President Harding concurred in this belief,[54] and even

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53. "Harding for Farmer Co-operation," in Wallaces' Farmer, Vol. XLVI (December 16, 1921), p. 1499.
54. Holman, loc. cit., p. 567.

though the big bankers of the country were opposed to it, congress did pass an act extending the operations of the Corporation to June 30, 1923.[55]

The laws passed by congress at this session which were of great interest to the farmers and satisfied their demands were: the Capper-Volstead Co-operative Marketing Act; the Kenyon Act, providing that the President have due regard for the agricultural industry in making appointments to the Federal Reserve Board; the Fordney-McCumber Tariff Act; the Grain Futures Act; and an act to appropriate money to farmers in the northwest states for seed.

Farmers and farm organizations were satisfied beyond expression when congress finally passed the Capper-Volstead Act.[56] This was a right for which the farmers had been asking ever since the close of the World War. The Act provided that "persons engaged in the production of agricultural products as farmers, planters, ranchmen, dairymen, nut or fruit growers may act together in associations, corporate or otherwise, with or without capital stock, in collective processing, preparing for market, handling, and marketing in inter-state and foreign commerce, such products of persons so engaged."[57]

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55. Statutes at Large, Vol. XLII, p. 634.
56. Statutes at Large, Vol. XLII, pp. 388-389.
57. Ibid.

"In order for associations to obtain the benefit of this statute they must be operated "for the mutual benefit of the members" and they must not pay dividends in excess of 8 per cent per annum, or else they must restrict their members to one vote regardless of their financial interests in the association. All associations desirous of coming under the statute must not handle in value more products for non-members than they handle for members. The Secretary of Agriculture is given supervisory power over all of the associations engaged in inter-state commerce which come within the terms of the statute and if he has "reason to believe that any such association monopolizes or restrains trade in inter-state or foreign commerce to such an extent that the price of any agricultural product is unduly enhanced by reason thereof, he shall serve upon such association a complaint stating his charge in that respect." Following a hearing, if the Secretary concludes that the charges of the complaint have been established, the act provides that he shall issue an order "directing such association to cease and desist from monopolization or restraint of trade." If the order is not obeyed it devolves upon the Department of Justice to enforce it in the

courts."[58]

There were those interests who claimed this act to be nothing short of class legislation, that it placed in the producers' hands the power to fix prices and that it was dangerous legislation. However, one Wall Street banker who had come to see the farmer viewpoint said, "Take co-operative marketing, for example. There has been a great outcry against some of its manifestations, and yet it proposes nothing more than the attainment of a commercial position that will enable the farmer to exercise a reasonable influence in affecting such a fair and just stabilization of the markets for his products as will yield him equitable and, as far as possible, dependable compensation for his time and labor in the indispensable primary occupation of feeding and clothing the 110,000,000 people of this republic and a large part of the world beyond our borders. It is a position that is essential to general business prosperity and highly contributory to economic efficiency and to the welfare of all."[59]

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58. Robert Samuel Fletcher, "National Agricultural Legislation, 1921-25," in Handbook of Rural Social Resources, (Chicago, 1926), p. 99.
59. Theodore M. Knappen, "Looking at the Farmers' Side," (An interview with Bernard M. Baruch), in World's Work, Vol. XLIII (March, 1922), p. 475.

In passing the Kenyon Act, allowing agricultural representation on the Federal Reserve Board, the 67th Congress and President Harding redeemed its campaign pledge of 1920. The Federal Reserve Act was amended in such a way that the appointive members of the Board were increased from five to six and in the selection of these the President was to give due regard to a fair representation of the financial, agricultural, industrial and commercial interests of the country.[60] Farm organization leaders were fearful for a time that the size of the board would not be increased, and if agriculture did receive any representation it would not be until a vacancy on the Board occurred. There was a time when it appeared that the Secretary of Agriculture would be made an ex-officio member of the Board but farm leaders were opposed to this plan.

President Harding appointed Milo D. Campbell, of Michigan, as the farmer member of the Board in January, 1923. At the same time he appointed E. R. Crissinger, of Ohio, as governor of the Board to take the place of W. P. G. Harding, a banker that the farmers had little confidence in after the deflation period in 1920-1921. Concerning Mr. Campbell's appointment, one farm magazine said, "Milo D.

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60. Statutes at Large, Vol. XLII, pp. 620-622.

Campbell is a practical farmer who also has had banking experience. He has been a leader in farm organization work, especially in organization of dairymen. He will perhaps come nearer to receiving the whole-hearted endorsement of the various farm groups than any other man who might have been appointed."[61]

The new Republican Tariff, the Fordney-McCumber Act, became a law on September 21, 1922. It had taken congress over a year to draft and pass it. It committed the country once more to a high protective policy. Whether or not agriculture would receive any benefit was a doubtful question. It would probably aid those engaged in the dairy and poultry industries but whether it would be of much aid to the farmer who produced wheat, corn or cotton was to be seriously questioned. Schedule seven of the tariff act, which pertained to agricultural products and provisions, provided for duties on agricultural products which, taken as a whole, were somewhat lower than the duties levied in the Emergency Tariff Act.[62] Articles which appeared on the free list that might be of some aid to the farmer were: animals for breeding purposes, agricultural implements,

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61. Wallaces' Farmer, Vol. XLVIII (January 19, 1923), p. 76, editorial.
62. Statutes at Large, Vol. XLII, pp. 891-896.

cement, coffee, shingles, and barb wire.[63] Hides appeared on the free list which was a disappointment to farmers.

One farm magazine editor had this to say about the Fordney-McCumber Tariff Act: "To have set up such a high wall against European manufactured goods, that Europe no longer will be able to scrape together the means with which to pay the cost of production for our farm products. The tariff is a direct hint to American farmers to stop producing so much in the way of farm products for export..... If the tariff is to continue unchanged for a long time, it is important that we modify our agriculture to meet the effects that the tariff will unquestionably have on European buying power.[64]

Congress passed a second Grain Futures Act, parts of the first act having been declared unconstitutional by the Supreme Court in May, 1922. This act was passed under the inter-state commerce power of congress. The provisions were substantially the same as those of the act declared unconstitutional. "There is no interference with 'hedging' transactions on the boards of trade or with the ordinary speculation or buying and selling of contracts for future

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63. Ibid., pp. 922-926.
64. Wallaces' Farmer, Vol. XLVII (September 29, 1922), p. 1132, editorial.

delivery. If there should be evidence of undue manipulations or attempts to corner the market, or of the dissemination of false or misleading information about crop or market conditions by members of the exchanges, such matters will be inquired into and promptly dealt with as required by the statute."[65]

This session of the 67th Congress failed to pass a real rural credit bill. Some fault for that failure was due to so many different kinds of bills offered and the farm organization leaders did not co-operate and work for one certain bill.

Intermediate Credit for Agriculture

The Joint Commission of Agricultural Inquiry, the National Agricultural Conference and every national farm organization had been requesting congress to provide a credit system which would suit the peculiar needs of the farming industry. What did they mean? Was not the Federal Farm Loan System for the Farmer's benefit? The Federal Reserve System was looked upon by industry as being a wonderful creation. This was the trouble: the farmer needed a system of credit under which he could borrow for a period

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65. Yearbook of the U. S. Department of Agriculture, 1922, p. 49.

of six months to three years. If the farmer wanted a loan on his farm, he had to give a mortgage for a three year period at least. The Federal Reserve Banks would not rediscount the agricultural paper of its member banks for a period longer than six months. What about the War Finance Corporation? That was just a temporary and emergency system.

Concerning the need for credit, Secretary Wallace said, "Our short-time credit system has been devised rather to meet the needs of business and commerce, both of which have a shorter turnover than agriculture. When business conditions are normal the farmer has gotten along fairly well. In times of stress the forms of short-time credit upon which he is obliged to rely often force him to sell his crops and livestock at a severe sacrifice. There should be made available to agricultural producers a credit system adapted to their particular needs. Particularly there is needed a system of intermediate credit under which the farmer can borrow for a period of six months to three years. This form of credit is needed especially for livestock production and feeding and for development purposes, such, for example, as the purchase of certain kinds of machinery, the building of silos and barns, the fencing and draining of

land, etc."[66]

Concerning this credit need Mr. Baruch said the farmers need credit for the orderly marketing of crops, for the raising of cattle for market and for the purposes of production.[67]

When congress convened every senator and representative found on his desk a copy of the legislative program of the American Farm Bureau Federation. Outstanding in this program was a demand for an intermediate credit system for agriculture.[68] At the annual convention of the Federation, at Chicago, in December, 1923, O. E. Bradfute, of Ohio was elected president and W. H. Walker, of California was made vice-president. The Federation passed resolutions to push to a conclusion the legislative program which had been mapped out over a year ago for the 67th Congress.[69]

In his message to this Congress, President Harding called its attention to the need of credit legislation for agriculture. He urged action in three different lines:

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66. Ibid., p. 15.
67. Bernard M. Baruch, "What Must be Done for the Farmer," in The Country Gentleman, Vol. LXXXVI (December 2, 1922), p. 17.
68. Harry R. O'Brien, "What the Farmers Told Congress," in The Country Gentleman, Vol. LXXXVI (December 9, 1922), p. 28.
69. "American Farm Bureau Meeting," in Wallaces' Farmer, Vol. XLVII (December 22, 1922), p. 1520.

"Increasing the maximum which can be loaned by the Farm Loan Board, a system of intermediate credit to be administered by the Farm Loan Board, and authorizing the organization of livestock loan companies to take care of the needs of the western live stock producers."[70]

When the attention of congress was once given to the matter of credit legislation there were a number of factors to contend with. In the first place there were a great variety of bills introduced; the farm organizations were not working together as they should; congress had the annual appropriation bills to care for; the fight over the ship subsidy bill made a jam of affairs in the Senate at the end of the session; (luckily the credit bills passed the Senate before the jam reached its limit); and prominent cabinet members supported different bills.

Some of the credits bills introduced were the Simmons bill, the Norbeck bill, the Capper bill and the Lenroot-Anderson bill. All of the first three bills provided for the creation of a credit system more or less independent of the present banking systems. The Capper bill was particularly intended to help the livestock men of the west, and

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70. Wallaces' Farmer, Vol. XLVII (December 15, 1922), p. 1486, editorial.

would have created a Federal livestock finance corporation to head up the work done by the livestock loan companies and co-operative associations in the local field. The Lenroot-Anderson bill proposed to create an intermediate credit system to be administered by the Federal Farm Loan Board. This bill was drawn in conformity with the recommendations of the Joint Commission of Agricultural Inquiry.[71]

The Capper bill was really a credit plan worked out by Mr. Meyer, managing director of the War Finance Corporation and backed by Secretary Mellon of the Treasury Department. It seemed that the bankers of the country were opposed to setting up a real credit system like the farmers wanted. The Lenroot-Anderson bill had the support of Secretary Hoover, Secretary Wallace and President Harding.[72]

Another financial measure which farm organizations wanted was an amendment to the Farm Loan Act which would allow an individual farmer to borrow a maximum of $25,000 instead of $10,000 as the act originally provided for. The high price of land and the size of the farms in the west seemed to justify the demand of the farmers for this change.

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71. Donald R. Murphy, "Tangle on Rural Credits Bills," in Wallaces' Farmer, Vol. XLVIII (January 12, 1923), p. 35.

72. "Farm Legislation in Congress," in Wallaces' Farmer, Vol. XLVIII (January 26, 1923), p. 115.

At first this item was made a part of the Lenroot-Anderson bill but later it was introduced separately as the Strong bill.

The Capper bill and the Lenroot-Anderson bill were both passed by the Senate but were held up in the House committee on banking and currency. Farm leaders were very much afraid that neither bill would ever get to a vote in the House. One thing which was not helping the situation any, and possibly holding things back, was the fact that the farm organizations were not united on any single credit bill. Each national farm organization had its representatives in Washington and each group was pushing a particular bill. Concerning this point one farm journal writer said: "Just to keep history straight, it should be written down that if credit legislation is not passed at this session of congress, the blame should be put where it belongs, namely on the shoulders of the representatives of the various organizations in Washington."[73]

Farmers have given President Harding a great deal of credit for "driving" the House leaders to push the Lenroot-Anderson bill through the House. It seemed that the President, together with Secretaries Wallace and Hoover,

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73. "Legislative Jam as Session Ends," in Wallaces' Farmer, Vol. XLVIII (March 2, 1923), p. 340.

brought considerable pressure to bear upon the House in order to secure favorable action. At the same time Secretary Mellon issued a statement in opposition to that bill.[74]

The Lenroot-Anderson bill, having had a number of amendments added to it was finally passed by congress and approved by President Harding on March 4, 1923, the last day of the session. The entire bill has been spoken of and since known as the "Intermediate Credits Act of 1923" but in reality was an amendment to the Farm Loan Act of 1916.[75]

A short explanation of the act is: "The agricultural credits act of 1923 established twelve intermediate credit banks, one to serve each of the Federal Land Bank Districts. It increases from six months to nine months the term of discount on agricultural and livestock paper by the Federal Reserve Banks. It broadens the definition of agricultural paper so as to include credit used in the preparation for market and the marketing of agricultural products by farmers' co-operative associations. It increases from $10,000 to $25,000 the maximum mortgage loan to individual farmers by the Federal Land Banks. It gives the borrowers from the land banks a measure of control of these institutions.

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74. "Farmers' Best Congress Ends," in Wallaces' Farmer, Vol. XLVIII (March 16, 1923), p. 420.
75. Statutes at Large, Vol. XLII, pp. 1454-1482.

It authorizes the organization of national agricultural credit corporations which will prove of special benefit to the parts of the country where the livestock industry is most prominent."[76] The act also provided for the continuance of the operation of the War Finance Corporation until March 1, 1924. This credit act was undoubtedly the most important and fundamental piece of legislation which the 67th Congress had enacted for the relief of agriculture.

The Lenroot-Anderson credit bill was not the only bill of interest to farm organizations that congress passed on the 4th of March. The Cotton Standards Act, which made obligatory the use of certain internationally accepted standards in cotton trading transactions, was enacted on that date. Another act was the Butter Standard Act, which set certain requirements concerning the contents of butters shipped in inter-state commerce. The other act of March 4, 1923, in which agriculture was interested was the Filled Milk Act to prohibit the shipment of filled milk in inter-state and foreign commerce. The dairymen of the country were particularly interested in this legislation. Filled milk is made of evaporated skimmed milk, with cocoanut oil substituted for the butter fat.[77]

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76. Yearbook of the U. S. Department of Agriculture, 1923, p. 23.
77. Fletcher, loc. cit., pp. 101-104.

The Intermediate Credit Act has been such an important factor in the agricultural industry that a broader description of the system and how it operates is given at this point. The following statement was made by the United States Department of Agriculture, after making a survey of agricultural credit in 1924:

"The collapse in prices of farm products in 1920 and 1921 centered attention upon this problem as never before. The extension of the activities of the War Finance Corporation was made necessary by the inability of commercial banks to meet the credit stringency that developed. The Joint Commission of Agricultural Inquiry in its report urged upon Congress the need of providing better intermediate credit facilities for the farmer and these findings were indorsed by the National Agricultural Conference that met in Washington to consider the state of agriculture in the spring of 1922.

"These and other influences led to the passage of the Agricultural Credits Act in the spring of 1923. The principle object of this act was to establish a federal credit system through which farmers could obtain production and marketing credit for periods longer than those ordinarily supplied by commercial banks. It was not the intention of congress that the new system should supplant the com-

mercial banks already serving the farmers, but merely supplement those institutions in financing the needs of agriculture.

"The act provided for the establishment of twelve Intermediate Credit Banks with districts corresponding to those of the Federal Land Banks. The Federal Intermediate Credit Banks are government owned and operated. The law provided for each bank a capital of $5,000,000 subscribed by the Federal treasury..... The funds from which loans are made to farmers are obtained in part through the capital stock subscribed by the treasury and also through the sale of short-time debentures that are secured by the agricultural paper accepted by the banks. The twelve banks are jointly liable for all of the debentures issued by any of the banks. The debentures of the Intermediate Credit Banks are tax-exempt, and, while not government securities, they are sold under close government supervision. A ready market, therefore, has been found for their sale.

"The Intermediate Credit Banks do not make direct loans to farmers. Their advances are made either in the form of direct loans to farmers' cooperative marketing associations or in the discount of agricultural and livestock paper for banks, livestock loan companies, and other credit institutions..... The direct loans which they make to cooper-

ative marketing associations are secured by warehouse receipts or shipping documents on staple agricultural products. The following products.....have been declared eligible for loans: corn, cotton, wool, tobacco, peanuts, broom corn, beans, rice, alfalfa and red-top clover seed, hay, nuts, dried prunes, dried raisins, and canned fruits and vegetables. The interest rate charged by the Intermediate Credit Banks on direct loans to cooperative marketing associations may not be over 1 per cent above the interest rate at which the last issue of debentures was sold....

"The Federal Intermediate Credit Banks may also discount, for local banks, livestock loan companies, and other credit agencies, agricultural paper with a maturity of six months to three years. The discount rate charged by the Intermediate Credit Banks may not exceed by more than 1 per cent the rate paid on the last debentures sold.....

"Provision also has been made for the organization of agricultural credit corporations in regions where established credit institutions do not provide farmers adequate credit accommodations. These agricultural credit corporations may be organized by any group of citizens. They are organized under state law and must have a minimum paid-up capital stock of $10,000. The law provides that these corporations may rediscount agricultural paper with an Intermediate

Credit Bank up to ten times their capital and surplus. In some instances they have been established as subsidiaries of banks in order to relieve bank portfolios of slow agricultural paper. In other sections they have been organized by farmers and local business men for the purpose of providing a more ample supply of production credit. In still other parts they have been set up as subsidiaries of cooperative marketing associations with the purpose of providing production credit for the members of the association. Many of the cooperative marketing associations have found their activities restricted by the credit arrangements of their members. Crops that are mortgaged to local lenders must frequently be sold when harvested in order to pay maturing notes. To meet this situation a number of state-wide agricultural credit corporations have been organized by the cotton and tobacco cooperatives. Some of these corporations have been formed to supply production credit and others to finance the delivery of mortgaged crops. They should all serve to reduce the dependence of the farmer upon local sources of credit and give him greater freedom to market his crop through the cooperative association."[78]

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78. Benson Y. Landis, Social Aspects of Agricultural Credit (New York, 1927), pp. 33-35, (Reprint from Yearbook of U. S. Department of Agriculture, 1914, pp. 233-235).

The "farmers' congress" had come to an end. Instead of having just two sessions, it had been in session four times. What was the farmer opinion concerning this 67th Congress?

One comment was: "Taking it all in all the congress which has just come to an end was a mighty good congress for agriculture. It gave more attention to the farmer and his troubles than any other congress that was ever held. It passed a lot of mighty helpful legislation. It turned down a lot of bad legislation. The farmers will be lucky if the next congress is as understanding of their problems and needs."[79]

Secretary Wallace made this comment in summarizing the improvement of agriculture from 1921 to 1925: "No small part of this improvement must be credited to wise legislation and helpful administration. Agriculture and the needs of the farmer have received more thoughtful and sympathetic consideration by legislative and administrative agencies during the past two and one-half years than any previous period in our history."[80]

The legislation of the 67th Congress which was very

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79. "Farmers' Best Congress Ends," loc. cit., p. 420.
80. Yearbook of the U. S. Department of Agriculture, 1923, p. 12.

helpful to the interests of agriculture was as follows:

The extension of credit through the operation of the War Finance Corporation; the Emergency Tariff Act in 1921; the Packers and Stockyards Act of 1921; the amendments to the Farm Loan Act in 1921, increasing the interest rate on farm loan bonds and increasing the capital of the Farm Land Banks by loans from the Federal Treasury; the Co-operative Marketing Act in 1922; the Act giving agriculture membership on the Federal Reserve Board; the Grain Future Act in 1922; the Filled-Milk Act, the Cotton Standards Act and the Butter Standard Act of 1923 and the Intermediate Credits Act of 1923.

Several factors which undoubtedly had much to do with bringing about this legislation were the serious condition of agriculture during the years following 1921, the congressional investigation of the agricultural situation by the Joint Commission of Agricultural Inquiry, the recommendations of this commission as well as those of the National Agricultural Conference, the activities of the "agricultural bloc" in congress, the activities of the various farm organizations, especially of the American Farm Bureau Federation, and the change of political administrations in 1921.

Farmers may have made money during the war but many of

them felt that they would have made greater profits if the government had not fixed prices on certain agricultural products. Prices reached their peak in 1919 and 1920, to be followed by a sharp decline beginning in the fall of 1920 and which continued to the end of 1921. During this deflation period agriculture realized the need of organization and others as well, began to make its demands upon congress for relief in their campaigns. The agricultural situation had been duly appraised by picked groups. Relief measures were devised. The "agricultural bloc" in congress took the "whip" in their own hands and forced congress to pass certain relief measures for agriculture. The passing of the 67th Congress on March 4, 1923 was the end of a period during which agriculture had received more attention in congress than it has received for many years. A check of the demands of farm organizations showed that many of them had been satisfied. Especially important was the privileges agriculture had under the provisions of the Co-operative Marketing Act and the Intermediate Credits Act.

This time, March 4, 1923, marks the close of the first period treated in this thesis. Farm organizations were still much concerned about certain agricultural problems: transportation rates, the administration of the laws just passed and especially about the surplus of such crops as wheat, corn and cotton.

THE BEGINNING OF THE McNARY-HAUGEN MOVEMENT, 1923-1925

Origin of the Export Corporation Plan

"McNARY-HAUGEN BILL IS INTRODUCED"--"SENATE PASSES THE McNARY-HAUGEN BILL"--"COOLIDGE VETOES McNARY-HAUGEN BILL"--"HOUSE COMMITTEE REPORTS HAUGEN BILL"--"FARM ORGANIZATIONS ENDORSE McNARY-HAUGEN PLAN"--These and many similar topics have appeared in the newspapers at intervals for the past six years. "McNary-Haugen" was the name given to a certain agricultural bill which was introduced in every session of congress between December, 1923, and June, 1928. It received its name from the chairmen of the agricultural committees of the two houses of congress, Senator McNary, of Oregon and Representative Haugen of Iowa. It is the purpose of the rest of this thesis to rel te the efforts of farm organizations to secure the passage of the McNary-Haugen farm relief bill, their failure in the end and the passage of the Hoover farm relief bill in the summer of 1929.

Although congress had passed a considerable amount of favorable legislation for agriculture between 1921 and 1923, farm organization leaders contended that in spite of all this help, the people engaged in the farming industry did

not receive a fair share of the national income. It was claimed that as long as American farmers produced greater quantities of such products as corn, wheat, cotton, rice, tobacco and pork than could be consumed at home, the tariff would not benefit the producers of these products. It was also maintained that the surplus above domestic consumption of these crops, which was exported, and which, however, was a small portion of the whole amount produced, and which had to be sold in the world market in competition with goods produced in South America, Australia, Europe and Canada, tended to fix the price which the producers received for their products in the United States.

Those who subscribed to this idea maintained that something must be done to relieve the situation. Some sort of a government export corporation should be organized to buy up this surplus, sell it on the world market, and charge the loss against the bulk of the whole amount produced, the greater part of which was consumed in this country. This plan, in one form or another has been the essence of every McNary-Haugen bill introduced in congress.

The author of the plan in the beginning was George N. Peek, president of the Moline Plow Company of Moline, Illinois. Mr. Peek took part in the National Agriculture Conference at Washington in January, 1922, but his plan was

discussed very little at that time. Secretary Wallace would not endorse the plan then. Soon after the conference, Mr. Peek caused to be printed and circulated, but without his signature, about 3000 copies of a pamphlet called "Equality for Agriculture" in which he explained his plan. He later prepared a second edition in 1922, which bore his signature, a copy of which was submitted to President Howard of the American Farm Bureau Federation for that organization's consideration.[1]

Mr. Peek urged his plan on Secretary Wallace until the Secretary was sufficiently convinced of its merits to call together a group of representative men to consider it. In that group of 14 men were Julius Barnes, Otto Kahn, Rufus Dawes, Thomas Wilson, Fred Wells, J. R. Howard, Gray Silver, Hugh S. Johnson (joint author with Mr. Peek of the "Equality for Agriculture" pamphlet), Mr. H. C. Taylor, Chief of the Bureau of Agricultural Economics, Mr. Peek and Secretary Wallace. Mr. Barnes, in particular was very greatly annoyed with Secretary Wallace for calling the conference.[2] No further action was taken until late in the fall of 1923.

There had been two bills introduced in the last session of the 67th Congress providing a Government Corpor-

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1. John D. Black, "The McNary-Haugen Movement," in The American Economic Review, Vol. XVIII (September, 1928), p. 406.
2. Ibid., pp. 406-7.

ation to buy products and export them but no action was taken on them.[3]

Ever since the deflation period of 1921, the northwest wheat states had been going through a very trying period. All kinds of credit and money had been sent into that region to help it. Mr. Cook had caused his pamphlet to be given wide circulation in those states. Individuals representing several government agencies were sent into the northwest to get first hand information. President Coolidge sent Frank O. Wendell and Eugene Meyer, Jr., directors of the War Finance Corporation, into that region to study the situation. Secretary Wallace sent Dr. Taylor to do the same thing. All three of these men reported that they came in contact with many farmer groups that were studying the Peek plan and were believed in it.[4]

In November, 1923, Secretary Wallace reported to President Coolidge on "The Wheat Situation" in which he reviewed the various plans that had been presented and which might help the wheat farmers but in the end he presented the government export corporation plan as a means of relieving the situation. "On November 12, Secretary Wallace

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3. Wallaces' Farmer, Vol. XLVIII (January 12, 1923), p. 36, editorial.
4. Black, loc. cit., p. 407.

gave out an interview to the Associated Press in Chicago, in which he publicly endorsed the plan. In the meantime, he put Charles J. Brand, consulting specialist on his staff and formerly chief of the Bureau of Markets, at the task of drafting a bill embodying the Peek plan. Brand went to Illinois to obtain Peek's help with it. What Brand prepared was whipped into final shape in the bill-drafting department of congress, introduced on January 16, 1924, as the first McNary-Haugen bill, and rejected the following June."[5]

In his report to the President on the wheat situation, Secretary Wallace reviewed the various methods that had been suggested to relieve the situation. They were: reduction of acreage; diversification; the organization of wheat growers into a powerful co-operative; the fixing by the Government of an arbitrary price which will cover cost of production; liberalizing the immigration law to bring in farm laborers and thus reduce the cost of production; an increase in the tariff; the purchase of the surplus by the Government and storing it against a time of short production; a sale of 50 to 100 million bushels to European Governments; and the purchase of the surplus by a Govern-

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5. Ibid.

ment agency and selling it at a lower price in the world market.[6]

What was the wheat price at this time? The farm price per bushel, on December 1, 1923 was 92.3 cents. That was the average price for the entire United States. In the northwest states the price on that day ranged from 80 cents to 90 cents per bushel.

In his report on the wheat situation to President Coolidge, Secretary Wallace concluded by commending the last of the suggestions mentioned above. Concerning that plan he said:

"The proposal, which has been advanced and considered from time to time for two years past, to set up a Government agency with broad powers to buy and export wheat and other agricultural commodities of which we produce a large exportable surplus, is in my judgment one of the proposals which like several others is worthy of renewed consideration at the present time. The objective to be attained is to secure for wheat and other agricultural products an exchange value approximately equal to what it was before the war. As has been said often, one of the chief causes

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6. Yearbook of the U. S. Department of Agriculture, 1923, p. 15.

of the agricultural depression is that farm commodities are relatively far cheaper than before the war. The price of wheat in dollars at terminal markets is not far from pre-war prices in dollars, but a bushel of wheat on the farm will buy much less of the things farmers need or desire than before the war. The end sought, therefore, is to put farm products on a price plane comparable with the price plane of other commodities.

"The proposal in question contemplates the setting up of a Government export commission charged with the duty of disposing of the surplus in the form of wheat or flour in such a manner that the domestic price may rise behind an adequate tariff barrier to the point of restoring the pre-war purchasing power of wheat in the domestic market. Such an agency would need money with which to operate, and it is proposed to start it with a working capital of, say, $50,000,000, that being the approximate sum which the Government made in the way of profit by its war-time handling of wheat and flour when the price of wheat was arbitrarily controlled and held below the price at which it would have sold without such control. In case losses should be incurred because of the character of its operations, it is proposed to recover the losses through the levy of an excise tax on the crop of wheat itself. In the

end the cost would be paid, not out of the Public Treasury but from assessment on the growers benefited and should not be large.

"That in briefest form is the essence of the plan suggested. It is not a proposal for price fixing, as that is generally understood. It might be described as a plan to give the wheat grower the measure of protection which is given to so many other groups by making fully effective the principle of the protective tariff on a commodity of which we produce a surplus and which is suffering from destructive competition in a depressed foreign market. Or it may be described as a plan by which the Government, without material loss to itself, undertakes to do for the wheat growers what they can not now do for themselves--bring them in a general wheat pool through the operation of which they may secure a fair price."[7]

A word of explanation at this point seems necessary. Secretary Wallace was unwilling to subscribe to the Peek plan until he know what President Harding's attitude would be. There are those who feel that Secretary Wallace might have been able to win the President's endorsement of the bill if the President had lived. Some feel that he had

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7. Ibid., pp. 17-18.

President Harding's confidence all along. As is well known, President Harding made a tour through the west in the summer of 1923, made a few speeches, shocked some wheat in Kansas, and in all, made himself very popular with the westerners. He was on his way to Alaska, to which place he went but death overtook him on August 2, 1923, in California, on his return. Vice-President Coolidge succeeded to the presidency and his attitude on the Peek plan may soon be determined.

Another word of explanation--Since Secretary Wallace subscribed to the export corporation plan, it was only quite natural that the paper of which he was formerly editor should endeavor to help put the plan across. The Wallaces' Farmer magazine did work for the plan and the movements of the farm organization leaders in working for it were extensively related in its columns.

First McNary-Haugen Bill in Congress

It has already been mentioned how the first McNary-Haugen Bill was drafted and placed before congress for its consideration. It can only be imagined what Ex-President Harding would have thought about it. As regards the agricultural situation, President Coolidge made the following remarks: "The distress is most acute among those wholly

dependent upon one crop. Wheat acreage was greatly expanded and has not yet been sufficiently reduced. A large amount is raised for export, which has to meet the competition in the world market of large amounts raised on land much cheaper and much more productive.

"No complicated scheme of relief, no plan for government fixing of prices, no resort to the public treasury will be of any permanent value in establishing agriculture. Simple and direct methods put into operation by the farmer himself are the only real sources for restoration..... Cheaper fertilizers must be provided.....We must have organization.....The acreage of wheat is too large. Unless we can meet the world market at a profit, we must stop raising for export.....Diversification is necessary..... The remaining difficulty is the disposition of exportable wheat. I do not favor the permanent interference of the government in this problem."[8] A reasonable interpretation of what President Coolidge said might be taken to mean that he would not favor the complicated McNary-Haugen bill to be introduced in that congress.

Congress had not been in session very long until several farm relief bills were introduced. One was the

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8. Wallaces' Farmer, Vol. XLVIII (December 14, 1923), p. 1876.

Norbeck-Burtness bill which called for a big appropriation to encourage diversification in the northwest region. Another was the Norris-Sinclair which was similar to the McNary-Haugen bill except that the Government would stand the losses on exported products.

The McNary-Haugen bill which was introduced was described by a Washington correspondent for a farm magazine as follows:

"In brief, it provides for a temporary commission to be known as the United States Agricultural Export Commission, with the Secretary of Agriculture as chairman, the Secretary of Commerce, the Secretary of the Treasury, the chairman of the Tariff Commission, and three directors appointed by the President from names suggested by the Secretary of Agriculture and the Secretary of Commerce. An administrative commissioner is to be appointed by the President from names suggested by the Secretary of Agriculture.

"The bill declares that there exists a general emergency in respect to agricultural commodities because, principally, of a surplus of certain commodities. The commission is charged with the duty of computing proper ratio prices of agricultural commodities of which we produce an exportable surplus, such ratio meaning the ratio between the prices of such agricultural commodities and the

prices of all commodities as it existed before the war. When the price of any such commodity falls more than 10 per cent below its pre-war ratio, the commission will recommend to the Export Corporation that the surplus of such commodity be purchased and sold in such a way as to bring the price up to its proper ratio.

"The Export Corporation will attend to the business affairs. This corporation will consist of the Secretaries of Agriculture and Commerce and three other members appointed by the President, two from names presented by the Secretary of Agriculture and one from names presented by the Secretary of Commerce. The corporation will have a capital stock of $200,000,000 furnished by the United States. It is given ample powers to do business in a businesslike way. It is authorized to buy and sell agricultural commodities either at home or abroad.

"The commission is directed each year to calculate the size of the crop, the probable amount that will be consumed at home, the probable amount that must be exported and the probable losses to the corporation from selling the amount exported at lower than the domestic prices. It shall then determine how much must be collected from the producers of the crop to cover the losses which will probably be incurred on that portion of the crop which is ex-

ported at a price lower than the domestic price, and this amount will be deducted from the price paid the producer, who will, however, be given scrip for the amount deducted.

"The President is authorized to direct either the Tariff Commission or the Secretary of Agriculture to make investigations necessary to determine the tariff duty necessary to protect domestic products, and may proclaim such tariff when an emergency exists.

"The essence of the thing is this, that when we have a surplus of wheat, for example, as at the present time, and the price is far below its normal price compared with prices of other things, this corporation would be authorized to use the machinery provided to get rid of the surplus at the best price it can, and thus bring up the domestic price to its fair purchasing power. It applies to all crops of which we produce a surplus, and the prices of which are unduly depressed."[9]

What was the stand of the farm organizations and farmers on this bill? The northwest, wheat growing section seemed quite enthusiastic about it but the rest of the agricultural section was only mildly concerned at first.

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9. "Export Plan at Washington," in Wallaces' Farmer, Vol. XLIX (January 25, 1924), p. 133.

Iowa's Farm Bureau passed a resolution endorsing the plan and Charles Hearst, its president went to Washington to work for the bill, Mr. Sykes, president of the Corn Belt Meat Producers' Association also was in Washington working for the bill, as were George Peek, Frank W. Murphy, of Minnesota, a lawyer-farmer, as well as representatives of the Grange and the American Farm Bureau Federation.

A number of farmers' marketing organizations that endorsed the bill were as follows: the Wheat Growers of Colorado, of Idaho, of North Dakota, of Nebraska, of Montana, of South Dakota, of Utah and of Washington; the Cotton Growers' Associations of Florida, of Georgia, and of Texas; the Iowa Farmer Grain Dealers; the National Wool Growers' Association; the American Wheat Growers' Association; the Florida Citrus Exchange; the Oregon Wool Growers' Association; the Oregon Co-operative Grain Growers; and the Tobacco Growers' Associations of Florida and of Texas.[10]

The Washington representatives of four leading farm organizations addressed a long letter to the President, the Congress, and the People of the United States pleading for the earnest consideration of the bill. The letter

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10. Wallaces' Farmer, Vol. XLIX (April 4, 1924), p. 542.

recited the hard times of agriculture and how millions of farmers were in need of relief. The letter was signed by T. C. Atkeson, representing the National Grange, by Gray Silver, representing the American Farm Bureau Federation, by James R. Riggs, representing the National Livestock Producers' Association and by George C. Jewett, general manager of the American Wheat Growers' Association.[11]

Secretaries Mellon and Hoover as well as Eugene Meyer, Jr., and Julius Barnes were opposed to the plan. The main arguments which were advanced against it were that it would increase production, that it amounted to price fixing and that it was putting the government into business.

The packers and members of boards of trade were against the bill also. One farm magazine's Washington correspondent summarized the forces for and against the bill by saying that there were six groups to be considered. First, there was a group of about 150 congressmen who know the condition of the farmers and were anxious to help them. Second, another group of an indefinite number who were not acquainted with the farmers' conditions but might vote to help them as a matter of political expediency. Third, an

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11. "The McNary-Haugen Bill or Nothing," in Wallaces' Farmer, Vol. XLIX (April 11, 1924), p. 589.

eastern group who was opposed to any farm relief bill for fear it would raise the price of food in the city. Fourth, a group who figured the bill was a price fixing scheme and unworkable. Fifth, a group of Democrats from the South who did not want to see the protective tariff principle extended any further. Sixth, an ultra radical group who was opposed to all legislation and seemed to want to raise trouble.[12]

The bill was finally reported to both houses of congress by the agricultural committees. In the Senate Committee, favorable action was taken in March by a 10-2 vote and in the House Committee a vote of 14-6 sent the bill to the whole body. In both committees, the McNary-Haugen bill was favored over the Norris-Sinclair measure.

When the bill finally came to a vote June 3, in the House it was defeated by a vote of 223 to 153. An analysis of the vote shows that the New England, the Middle Atlantic, the South Atlantic, the East South Central, and the West South Central groups of states were almost overwhelming against the bill. On the other hand, the East North Central group voted 49 to 23 for the bill, the West North Central group 50-6 for it; the Mountain group 13 to 1 for it and

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12. Wallaces' Farmer, Vol. XLIX (May 30, 1924), p. 820.

the Pacific group 11 to 6 for it. The vote followed geographical rather than party lines.[13]

It is needless to say that while the McNary-Haugen Bill was being debated in congress numberous plans for farm relief were being outlined by various individuals. Co-operative marketing seemed to be the chief device that was advocated.

The American Council of Agriculture

How did the farmers feel about the defeat of this McNary-Haugen Bill? Rural editorial comment on this question was about as follows: "While for the immediate future there is nothing to hope for from legislation, it goes without saying that farmers will not accept this defeat as the end. The fight has just well begun. Farmers have a larger vision through this six months' struggle for a square deal. The end to be attained is perceived more clearly. The farmers of the country will not rest until they secure that fair share of the national income to which their labor entitles them. The farmer representatives who have been carrying on the fight at Washington have issued a call for a nation-wide conference of farm organizations

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13. Black, loc. cit., pp. 410-411.

in St. Paul, Minnesota in July. Out of this conference will come, no doubt, a plan of campaign for the coming months."[14]

William Hirth, publisher of the Missouri Farmer was a staunch supporter of the McNary-Haugen bill and after its defeat it was his suggestion that the farm organizations should unite and form an American Council of Agriculture. Here was Mr. Hirth's proposal:

"First, that the existing farm organizations of the United States (large and small) shall join in the creation of a great impartial and representative American Council of Agriculture, composed of not less than 50 of the broadest minded farmers in the country, who shall be commissioned to speak for agriculture upon all questions of national and other vital policy.

"Second, that then the said American Council of Agriculture shall formulate a national co-operative marketing plan, which shall correlate and reconcile all existing plans of this kind, thus doing away with the conflict and confusion which is hourly growing more dangerous and enable us to do complete team work in those premises throughout

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14. Wallaces' Farmer, Vol. XLIX (June 13, 1924), p. 866, editorial.

the length and breadth of the land."[15]

If agriculture was to succeed there is no doubt about the wisdom of Mr. Hirth's proposals. There were so many farm organizations that if a dozen of them did favor a certain plan it might not mean very much for they might not speak for a very large number. This is the first move of farm organization leaders to solidify their forces and attempt to work out a program to carry on the fight for farm relief.

On July 11-12, 1924, about 100 delegates of many farm organizations met at St. Paul, Minnesota and formed the American Council of Agriculture. Evidently only a few of the farm organizations from the south were represented for one resolution which was adopted urged that special consideration be given the efforts of the cotton producers in order to secure their friendly co-operation. Another outstanding resolution adopted was that congressmen who voted for the McNary-Haugen bill were to be supported, regardless of party; and congressmen who voted against it were to be opposed.

The executive committee of the American Council of

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15. William Hirth, "American Council of Agriculture," in Wallaces' Farmer, Vol. XLIX (June 20, 1924), p. 897.

Agriculture was to consist of fifteen members. The president of the executive committee was Frank M. Murphy of Wheaton, Minnesota. Other members and the organizations they represented were: William Hirth, the Missouri Farmers' Clubs; George C. Lambert, of the Equity Co-operative Exchange, Minnesota; Charles Barrett, the National Board of Farm Organizations; John G. Brown, the National Livestock Producers; O. E. Bradfute, the American Farm Bureau Federation; Charles Hearst, the Iowa Farm Bureau; C. H. Hyde, the Oklahoma Farmers' Union; L. J. Tabor, the National Grange; John D. Miller, the National Co-operative Milk Producers' Association; Mark Woods, a farm organization in Nebraska; and George E. Duis, the North Dakota Wheat Growers' Association. Additional members of the executive committee were the council's officers: George Peek, president; Carl Gunderson, Lieutenant-governor of South Dakota, vice-president; R. A. Coles, of Illinois, treasurer; and John R. Mitchell, of St. Paul, former member of the Federal Reserve Board, secretary.[16] The Council established headquarters in the Transportation building in Chicago, along

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16. Wallace, H. A., "Reforming the Battle Lines," in Wallaces' Farmer, Vol. XLIX (July 18, 1924), pp. 985 and 990.

with the Illinois Agricultural Associations

Farm organizations were enthusiastic about the new organization which, they claimed would speak for all American farmers. An individual Illinois farmer made the following statement about the new organization and its plans: "The American Council of Agriculture is the right idea. Let's all work on one program and put it through. I think all farm papers should print each congressman's name and the way he voted on the McNary-Haugen measure, up until election time. [Wallaces' Farmer did this of the congressmen of the mid-west states.][17] That will keep the matter before the farmers and they won't forget it when they go to the polls to vote. If we did that, maybe when the next farmers' bill came up in congress, the folks there would hesitate before turning it down."[18]

Within a month, Mr. Peek issued the following statement expressing the policy of the Council: "The purpose of the American Council of Agriculture is to secure the enactment by congress of necessary remedial legislation to create equality for agriculture with industry and labor under the principles of the McNary-Haugen bill, defeated in

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17. Wallaces' Farmer, Vol. XLIX (October 31, 1924), p. 1418.
18. Ibid., Vol. XLIX (July 11, 1924), p. 964, Farmer's letter.

the last session of congress.

"The subject is fundamentally economic rather than political, and we are determined it shall not become the football of partisan politics. Republicans, democrats and progressives have all included agricultural planks in their platforms, which ostensibly propose to secure equality for agriculture. The Council in its St. Paul meeting passed a resolution urging reward to those members of the last congress who supported the McNary-Haugen bill without regard to party label and urged that the following pledge be exacted from all candidates for congress whether in the house or the senate:

"'In the event of my nomination and election, I hereby pledge myself to vote for and faithfully support legislation that will give equality to agriculture with industry and labor in line with the spirit of the McNary-Haugen bill'.

"The council further went on record that it would not ask for any privileges for agriculture from congress that the aggressions of other classes or agencies do not force upon it, believing that in the end the nation must stand or fall upon the unselfishness of its classes and of its individuals.

"The council fully appreciated the possible effect of

its action upon political parties, but agriculture is determined to have equality with industry and labor, and we are therefore following rather than creating precedent."[19]

Following a meeting of the executive committee, it addressed a letter to President Coolidge the substance of which was as follows: "The council does not regard the current increase in the price of farm products as fundamentally meeting the requirements of the agricultural situation, but on the contrary believes that these requirements can be met only by definitely and permanently establishing agriculture on a parity with industry and labor by extending to it the principles of the protective system in a manner that will assure an American price for the American requirements, independent of the world price for the surplus."[20] Accordingly the Council requested the President and the Secretary of Agriculture to appoint a special commission to investigate the agricultural situation and recommend remedial legislation. Later, the President did appoint such a commission and its personnel, investigations and recommendation will be described later in this thesis.

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19. "American Council at Chicago," in Wallaces' Farmer, Vol. XLIX (July 25, 1924), p. 1016.
20. Wallaces' Farmer, Vol. XLIX (August 22, 1924), p. 1102.

To show how two groups, representing different industries, disagreed on the McNary-Haugen principle of farm relief, attention is called to the action of the executive committee of the American Farm Bureau Federation in September, in endorsing the stand of the American Council of Agriculture[21] and to a resolution adopted by the American Bankers' Association, in October, instructing its legislative committee to oppose in congress the McNary-Haugen bill.[22]

This "reforming of the battle line for McNary-Haugenism" that was going on in the summer was being done right in the midst of a presidential contest. Calvin Coolidge was the unanimous choice of the Republic party at their convention in Cleveland. Charles G. Dawes was selected as his running-mate after Ex-Governor Lowden of Illinois had refused the honor. The Democratic party in a most turbulent convention at New York City, nominated John Davis, the two-thirds rule of that party preventing the nomination of either William G. McAdoo or Alfred E. Smith. Senator Robert M. LaFollette, of Wisconsin and Senator Burton K. Wheeler, of Montana, were the choices of a third party group which

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21. Ibid., (September 26, 1924), p. 1252.
22. Ibid., (October 10, 1924), p. 1322.

had sprung into existence and which expected to gain votes from Laborites, Socialists, disappointed farmers and other groups and the ultra-radicals.

Since agriculture had gone through trying months of deflation, bankruptcy, foreclosures and crop failures, it was only natural that each party should try to capitalize this situation. Quite naturally, the Democrats being out of power, blamed the Republican party for all the farmer's troubles. They pointed to the Republican tariff, to high transportation rates and to that party's international policy as being responsible for the low purchasing power of the farmer's products. As a remedy for the situation, the Democratic party in its platform pledged that party to do the following:

1. To adopt an international policy that would re-establish the farmer's export market.

2. To adjust the tariff so that the farmer and all other classes can buy again in a competitive manufacturer's market.

3. To readjust and lower rail and water rates, which will make our markets, both for the buyer and the seller, national and international, instead of regional and local.

4. To stimulate by every proper governmental activity the progress of the co-operative marketing movement and the

establishment of an export marketing corporation or commission in order that the exportable surplus may not establish the price of the whole crop.

5. To secure for the farmer credits suitable for his needs.

6. By the establishment of these policies and others naturally supplementary thereto, to reduce the margin between what the producer receives for his products and the consumer has to pay for his supplies, to the end that we secure an equality for agriculture.[23]

Since the Republican Party had been in power, it said little about the deflation period itself, except to point out that farmers were in much better condition in 1924 than when the Republican Party came into power on March 4, 1921, and which was quite true. The Republicans pointed to the agricultural legislation of the 67th Congress as having had a great effect in restoring the farmers to a better economic position. Outstanding statements in the Republican platform, in addition to the points noted above, were:

1. Agriculture--We pledge the party to take whatever steps are necessary to bring back a balanced condition be-

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23. "Pledges of the Republican and Democratic Parties, 1924," in The Congressional Digest, Vol. III (July-August, 1924), p. 230.

tween agriculture, industry and labor, which was destroyed by the Democratic party through an unfortunate administration of legislation passed as war measures.

2. We promise every assistance in the reorganization of the marketing system on sounder and more economical lines and, where diversification is needed, government assistance during the period of transition.

3. We favor, without putting the government into business, the establishment of a federal system of organization for co-operative marketing of farm products.

4. The Republican party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industry to insure its prosperity and success.[24]

The "third party" group was very emphatic in showing how the farmers' condition might be remedied. Its platform denounced the high tariff duties on manufactured goods; promised a reconstruction of the Federal Reserve and Farm Loan systems; and advocated a special session of congress to pass legislation for the relief of American agriculture. It promised legislation to further promote and protect co-

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24. Ibid., pp. 339-340.

operative enterprises; and demanded that the Inter-state Commerce Commission reduce freight rates on agricultural products to pre-war levels.[25]

It is interesting to note that the McNary-Haugen bill was not mentioned in any of these political party platforms; however, the Republican Party did state that the government should not engage directly in marketing agricultural products. Quite naturally each candidate took the opportunity to expand on the agricultural plank of his party's platform in his acceptance speech.

The outcome of the contest is well known. Calvin Coolidge was elected, in his own right, to the Presidency. He might speak in somewhat bolder terms in regard to agriculture. President Coolidge soon appointed the Agricultural Commission to investigate the situations affecting the industry but he did so without the aid and help of the Secretary of Agriculture who the American Council of Agriculture had hoped would have a part in its selection. Secretary Wallace died in October, 1924, and the friends of the McNary-Haugen principle lost a leader and a friend which hurt their cause immensely. The Mid-West was greatly concerned about who his successor would be. Assistant-

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25. "Progressive Party Pledges," in The Congressional Digest, Vol. III (July-August, 1924), pp. 343-344.

Secretary Gore, of West Virginia held the position until early in January, when he resigned to be governor of his state. The friends of the McNary-Haugen principle feared that Secretary Hoover was going to have too much to say about who should be the next Secretary of the agricultural department.

The Coolidge Agricultural Commission

In August, 1924, the American Council of Agriculture urged President Coolidge to appoint a special commission to investigate the agricultural situation and recommend remedial legislation. In his acceptance speech that month, candidate Coolidge promised to do that. The week following the election the personnel of the commission was announced.

Robert D. Carey, former governor of Wyoming, and an extensive breeder of pure-bred Herefords, was made chairman. The other members were. Fred H. Dixly, of California, and president of the American Livestock Association; O. E. Bradfute, of Ohio, and president of the American Farm Bureau Federation; Charles Barrett, of Georgia, and president of the National Farmers' Union; W. J. Tabor, of Ohio, and master of the National Grange; Ralph P. Merritt, of California, and president of the Sun Maid Raisin Growers'

Association; William M. Jardine, president of the Kansas State Agricultural College; R. W. Thatcher, director of the Geneva, New York experiment station; and W. C. Coffey, dean of the college of agriculture and experiment station at the University of Minnesota.

The Mid-west corn and wheat belt regions were not exactly satisfied with the personnel of the commission, claiming that the great food producing regions were not adequately represented, and that the mind of Secretary Hoover, rather than Secretary Wallace, was clearly evident in its selection and that it was a "hand-picked" group of Republicans who would recommend what Secretary Hoover and President Coolidge wanted it to recommend.

The commission met the first time about the middle of November and then adjourned to meet in January. This was a disappointment to the farm organization leaders for it meant that agricultural relief legislation was hardly to be expected during the short session of the 68th Congress.

Being thus suspicious of this commission, the export corporation enthusiasts were not hopeful of relief when the commission did make its recommendations.

This statement shows that feeling. "The big question in the mind of everyone who is at all familiar with the real inside story of recent agricultural history is: Will

the commission discuss frankly the McNary-Haugen bill? Will they go into the principle of 'Equality for Agriculture', 'An American Price for American Requirements, Independent of the World Price for the Surplus', and the other principles so vigorously demanded by a large section of agricultural forces before congress last spring? "Farm organization leaders feel that the conference will develop into a struggle between two opposing schools of thought. On the one hand will be those members of the commission who assume that there is nothing basicly wrong with agriculture; that farming is merely suffering from cramps and indigestion after the war-time disturbance. This group of physicians would simply administer some mild palliatives, get the patient to sleep if possible, and trust to Providence that everything will come out all right.

"The opposing group of doctors on the commission insist that American Agriculture is suffering from a malignant malady which threatens to sap its life for many years to come, if, in fact, it does not actually destroy what we know as the "American" type of farmer and reduce him to something very like peasantry. This latter group wants to go to the heart of the difficulty and try to straighten it

out at once."[26]

After several weeks of investigating and listening to testimony the Agricultural Commission issued its first report, and which proved to be its last, about February 1, 1925. In addition to recommending that the tariff should be extended more adequately to agriculture it also recommended: "Co-operative marketing legislation; amendments to the Agricultural Credits Act; freight-rate legislation; laws for leasing unappropriated public domain; increased Federal aid for state experiment stations; and truth-in-fabrics" legislation. To facilitate co-operative marketing, the commission suggested: Federal recognition of pooling and control of distribution by organization of producers; exchange of crop and market information; surveys of distribution problems; Federal registration of producers and distributors approved by the Government; establishment of grades and standards; and the creation of a Federal co-operative marketing board which 'would be able to use all the facilities of government departments and inter-lock all the problems of agriculture both those of production and

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26. O. M. Kile, "The Commission Meets--and Adjourns," in Wallaces' Farmer, Vol. XLIX (December 5, 1924), p. 1560.

those of distribution'."[27]

As might be expected, the farm organization leaders were sorely displeased with the recommendations of the commission. One note from an agricultural journal shows their feeling. It said:

"To many farmers the most important feature of the commission's report is not what the report includes, but what it leaves out. There is no mention made of the problem of dealing with the exportable surplus of farm products. In spite of the fact that the western states are solid for some export plan, and in spite of the fact that Washington has been visited by the delegations from all over the corn belt and wheat belt, advocating an export plan, the commission fails to recommend any such measure or even to refer to the fact that such a problem exists. Of course, this has aroused the irritation of a good many farm leaders."[28]

Furthermore, congressional action on agricultural bills had been somewhat held up until the commission should make its report. After the report, it was too late for the

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27. "The Farmer's Declaration of Independence," in The Literary Digest, Vol. LXXXIV (February 14, 1925), p. 7.
28. "Commission's Report Disappoints," in Wallaces' Farmer, Vol. L (February 6, 1925), p. 170.

McNary-Haugen forces to attempt to push a bill through congress. The important bills before this session of the 68th Congress were the Curtis-Aswell bill, to stimulate and co-ordinate co-operative marketing; the McNary Haugen bill, in slightly revised form from the first bill, the Dickinson Co-operative bill, and the Capper-Williams Co-operative bill, which was the special recommendation of the President's commission.

Various farm organizations had indorsed an export plan, including the Corn Belt Meat Producers' Association, numerous state farm bureau federations, the National Grange and the American Farm Bureau Federation. The latter organization held its annual convention in Chicago in December, 1924, reelected O. E. Bradfute as president and Ed. O'Neal, of Alabama, as vice-president. In spite of the fact that the Mid-West was not entirely pleased with affairs within the American Farm Bureau Federation because of its meddling with the formation of a Grain Marketing organization, the convention refused to endorse the Capper-Williams bill, then before congress, and spoke outright for the McNary-Haugen principle by adopting the following resolution:

"We endorse the principle of a farmer's export corporation created with sufficiently broad powers under government charter to preserve the domestic market for the

American agricultural producer at an American price, and instruct our officers and representatives to present these views to the President's Agricultural Committee, and to work for the early enactment of such principles into law."[29]

The McNary-Haugen bill was reported out from the agricultural committees of both houses but never came to a vote except that it was offered as an amendment to the Naval Omnibus bill in the Senate and met with defeat. However, this could hardly be called an indicative vote of the principle's strength.

William M. Jardine, of Kansas had been appointed Secretary of Agriculture by President Coolidge. His appointment to that position was opposed by the corn belt representatives who favored the McNary-Haugen bill. They felt that Jardine had been Hoover's candidate for that position and that for the next four years Hoover would be able to dominate the Department of Agriculture.

A few things had happened between June, 1924, and March 4, 1925, to arouse the ire of the corn belt farm organization leaders. They did not like the personnel of the Agricultural Commission, they belittled its report,

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29. Donald R. Murphy, "Farm Bureau Backs Export Plan," in Wallaces' Farmer, Vol. XLIX (Dec. 19, 1924), p. 1633.

Secretary Wallace had passed out of the picture for all time, the McNary-Haugen bill had been turned down a second time, and a new Secretary of Agriculture had been appointed in whom they had little confidence. The American Council of Agriculture had been at work but further organization seemed necessary--a fighting determination was needed as was expressed in the following editorial:

"Beyond this we need a fighting determination on the part of our congressmen from the farm states to get this bill through, and an equal determination on the part of farm folks to back such congressmen to the limit. Tax revision measures are coming up, now tariff legislation is a possibility, other matters are scheduled on which farm votes will be wanted. We need congressmen with the backbone to tell the representatives of other groups that if they deny equal privileges to agriculture they cannot expect to add to or even to retain the special privileges possessed by their own sections."[30]

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30. Wallaces' Farmer, Vol. L (March 13, 1925), p. 374.

ORGANIZING THE CORN BELT, 1925-1926

Formation of the Corn Belt Committee of Farm Organizations

The Mid-West Corn Belt region did not enjoy as great prosperity in 1925 as other regions. That accounts somewhat for the Corn Belt's determination to continue the fight for 'equality for agriculture' following the failure of the second McNary-Haugen bill in congress that year. Business was waking up to the workings of the farm organizations and occasionally was offering advice to agriculture. The president of the United States Chamber of Commerce commented upon the fact that too many different organizations were endeavoring to speak for the farmer and that agriculture could not expect to gain the confidence of other industries under those conditions.[1] President Gary of the United States Steel Corporation struck a blow at agricultural leaders' hopes by stating that no business was big enough to control prices and output.[2]

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1. Richard F. Grant, "As Business Sees Agriculture," in The Country Gentleman, Vol. XC (March 21, 1925), pp. 3-4 and 32.
2. Elbert H. Gary, "Agriculture Can Learn From Industry," in The Country Gentleman, Vol. XC (April 4, 1925), pp. 7-28.

However, the Corn Belt leaders were determined to make another drive. Congressman J. L. Dickinson, of Iowa, remained in Washington after March 4 to draft another farm relief bill which should be introduced in the 69th Congress in December. He was aided in his task by a number of congressmen who had supported the last two bills and by farm organization leaders. The Dickinson plan included an export corporation, aid to co-operatives and legalization of orderly production.

The real organization of the Corn Belt began in May, 1925, when representatives of twenty some farm organizations from Iowa, Kansas, Nebraska, Minnesota, South Dakota, North Dakota, Missouri, Arkansas, Illinois and Indiana met at Des Moines. Milo Reno, president of the Iowa Farmers' Union had been instrumental in calling this meeting. The need of bringing various farm organizations together was emphasized. The concrete result of this meeting was the formation of a Corn Belt Committee of Farm Organizations which was to work in harmony with the American Council of Agriculture in promoting congressional legislation for farm relief. The committee was made up of one representative from each farm organization represented at the conference. Other farm organizations were given membership on the committee at later dates.

The members of this committee and the organizations they represented were: William Hirth, Missouri Farmers' Association, chairman; A. C. Davis, of Arkansas, Farmers' Educational and Co-operative Union of America; C. H. Richardson, of Iowa, National Corn Growers' Association; Charles E. Hearst, Iowa Farm Bureau Federation; George M. Peek, American Council of Agriculture; C. C. Talbott, of North Dakota, Farmers' Equity Union; A. W. Ricker, of Minnesota, National Producers' Alliance; James F. Milleney, of Illinois, Farmers' National Union of America; James Manahan, of Minnesota, Equity Co-operative Exchange; John Tromble, Kansas Farmers' Union; Milo Reno, Iowa Farmers' Union; J. W. Batchellor, South Dakota Farmers' Union; Albert Pickler and H. G. Keeney, Nebraska Farmers' Union; D. M. Guthrie, Illinois Farmers' Union; C. B. Stewart, Nebraska Farm Bureau Federation; Ralph Snyder, Kansas Farm Bureau Federation; Ralph W. Smith, Iowa State Grange; J. F. Reed, Minnesota Farm Bureau Federation; John P. Sullivan, Chicago Milk Producers; Fred Bloss, Ottumwa Iowa Dairy Marketing Association; Ed. Overvold, Watertown South Dakota Producers' Alliance; Clyde Bechtelheimer, Iowa Co-operative Creameries; Elmer Crouthamel, Farmers' Elevator Association,

of Iowa; and Oscar Barkeim, Minnesota Farmers' Union.[3]

The spirit of this conference and what it hoped to do is shown in the resolutions which it adopted.

"First, we recognize the fundamental principle governing all successful enterprises; that cost of production plus a reasonable profit is necessary to the success of the industry in order to establish and maintain prices on farm commodities; in conformity with this principle it is necessary that farmers be organized to regulate and control the marketing of their products.

"Second, we endorse and support the principle of co-operative marketing, the farmers to be placed in control of their own marketing machinery, including such terminal facilities as may be necessary for the orderly marketing of products.

"Third, to insure to the farmer the cost of production plus an average profit of not less than 5 per cent, we urge the creation by congress of an export corporation with adequate capitalization for the purpose of buying so much of the available surplus of agricultural production as may be necessary to that end, the financing and functioning of this corporation to be properly directed and safeguarded by

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3. Donald R. Murphy, "Mid-West Farmers Adopt Program," in Wallaces' Farmer, Vol. L (May 22, 1925), p. 734.

proper provision in the organization law and in such a way as will provide for the administration of said corporation by a board of farmers, nominated by the various producing farm organizations."[4]

The beginning of the Corn Belt Committee of Farm Organizations has been noted. A number of organizations have started to work for farm relief legislation but have not lived long. The Corn Belt Committee was bi-partisan and became the mouth-piece of the farm organization leaders in voicing their demands from 1925 to 1929. Whether it will continue to function in the future remains to be seen. Other organizations were represented on the committee as it met at later times.

It has previously been noted that the Corn Belt leaders did not favor the appointment of Mr. Jardine as Secretary of Agriculture. During the summer of 1925, Secretary Jardine made a speech at Ames, Iowa, which satisfied the farm organization leaders that they could not expect very much from him in pushing a McNary-Haugen export corporation bill through congress. The following comment was made upon his speech: "He referred in effect to the McNary-Haugen bill, but did not mention it by name. By inference he con-

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4. Ibid.

demned it as utterly unsound. This took real courage, for Jardine well knew that the majority of farmers in the audience disagreed with him. He said as much and hoped that the farmers would believe as strongly in his sincerity as he did in theirs. He said he would "back up" if they could prove he was wrong. He said that he did not think any kind of legislation would do the farmers much good, but if they could point out any "sound" legislation, which all the farmers could agree on, he would throw his whole influence on the side of such legislation. If the farmers wanted higher tariffs on their farm products, he would do what he could to get higher tariffs.

"Frankly, we of the middle west would like to see Secretary Jardine spending a little more effort carrying the agricultural viewpoint to the big business men of the east rather than trying to carry the big business viewpoint to farmers of the middle west."[5]

Another happening which vexed the farm leaders was the removing of Dr. Taylor from the Bureau of Agricultural Economics in the Department of Agriculture. Dr. Taylor had been a co-worker with former Secretary Wallace and had helped to start the movement for an export corporation to care

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5. Wallaces' Farmer, Vol. L (July 17, 1925), p. 943. editorial.

for the surplus. This "firing" of Mr. Taylor was interpreted to mean that Secretary Jardine did not want anyone in the department who believed in the McNary-Haugen idea. It further convinced the farm leaders of Iowa that Mr. Hoover was dictating what the agriculture department was to do.

Frank O. Lowden, ex-governor of Illinois, and owner of a big farm in Illinois, was one leader that farm organization leaders would listen to and one in whom they had much confidence. In the fall of 1925 he announced a plan for helping the farmer. He was a strong advocate of co-operative marketing and distributing. In the explanation of his plan Mr. Lowden believed that there should be a Federal Farm Board to look after the interests of the farmers just as the Federal Reserve Board was directing the finances of the country. Concerning this farm board, Mr. Lowden said:

"One of the chief reasons for the formation of the Federal Reserve Banking system was to mobilize the credits of the country, so that they could be used at any time at the point needed. Isn't there some way by which the surpluses of farm products can be mobilized and thus be made to serve the future? If we could accomplish in point of time for the farm surpluses what we have accomplished in

point of place for the credit resources of the country, we would have largely overcome our troubles.

"Suppose we had a Federal Farm Board. Suppose that board found that the producers of any farm commodity were sufficiently organized so as to be really representative of all the producers of that commodity. Suppose that when it ascertained this fact it should authorize such producers to form a corporation for taking care of the surplus, either storing it to meet a possible future domestic need or exporting it upon the best terms available, the expenses and losses incurred for storage or in export to be borne proportionately by all the producers of that particular commodity.

"Such a board could function successfully, in my opinion, only if it operated through and in hearty sympathy with co-operative commodity associations. It could expect to prevent ruinous over-production only in co-operation with such associations. It is vital to any plan, therefore, that it should be so framed as to strengthen and not to weaken the co-operative movement. For in that movement lies the best hope for the future of American agriculture."[6]

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6. Frank O. Lowden, "What Can We Do for the Farmer," in World's Work, Vol. L (October, 1925), p. 613.

This was a plan that would undoubtedly enlist the support of many conservative farm leaders. Of course, it provided for some sort of an "equalization fee" or "excise tax", but the idea of establishing a Federal Farm Board would be supported and it became a part of the McNary-Haugen bill introduced in congress.

The Corn-Area Conference and the Executive Committee of 22

The American Farm Bureau Federation held its annual convention at Chicago in the early part of December, 1925. This convention marked a turning point in the history and policy of that organization. For three years its president had been O. E. Bradfute, of Ohio, who was rather unsatisfactory to the Mid-West state farm bureaus. The Mid-West wanted the Federation to take a determined stand on the export corporation plan of handling the surplus which eastern representatives did not care to do. President Coolidge was invited to speak to the convention and did so, but his address failed utterly to satisfy the Mid-West representatives in the convention. It was thought that Coolidge expected the convention to reelect Bradfute who seemed to think on the farm question about like Coolidge did. Whether or not Bradfute was a "Coolidge man" cannot be definitely stated but the convention proceeded to elect

a mid-westerner to the presidency, Sam H. Thompson, of Illinois. Since Mr. Thompson was elected by the Federation, his idea of President Coolidge's speech would probably be the Mid-West's idea. Concerning President Coolidge's speech, Mr. Thompson said: "The President in his address referred to but failed to recognize adequately the paramount problem before the surplus-producing states, which is the disposition of that surplus in a way that will not hold domestic markets permanently to world price levels, with resulting damage to the American living standards."[7] According to statements which ex-presidents Brenfute and Howard made, they were out of harmony with the Mid-West spirit in the convention.

As would be expected, the convention passed a resolution endorsing the export corporation plan. It read: "We endorse the enactment of a Federal law based on the principle of a farmers' export corporation, providing for the creation of an agency with broad powers for the purpose of handling the surplus of farm crops, that the American producer may receive an American price in the domestic market, and we instruct our representatives to work for the

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7. H. A. Wallace, "Farm Bureau Votes for the Export Plan," in Wallaces' Farmer, Vol. L (December 18, 1925), 1665.

early enactment of such a law founded on sound economic policy and not involving government subsidy."[8] The convention also adopted a resolution favoring the creation of a division of co-operative marketing in the Department of Agriculture. There was a feeling upon the part of farm leaders that after the American Farm Bureau Federation convention rejected President Coolidge's suggestions, that Secretary Jardine seemed to realize the situation and began to talk more favorably about export legislation.

The stand of the Corn Belt Committee of Farm Organization and the American Farm Bureau Federation was endorsed at what was known as an "All-Iowa" meeting of bankers, business men, and farmers at Des Moines on December 29, 1925. This meeting had been called by the Iowa Bankers' Association to discuss the situation and see what might be done. Iowa had a big corn crop that year, and the price was about 65 cents per bushel at that time. The lowest that corn had been the preceeding year was about 85 cents per bushel and Iowans were alarmed. This meeting followed the suggestion of Congressman, J. L. Dickinson and did not draw up a plan of its own but rather went on record as

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8. Ibid.

favoring the lead of the Corn Belt Committee of Farm Organizations. One very significant feature about this meeting was that no farm organization leaders were on the program--none were on the committee that drew up the resolution favoring an export plan--so it seemed to be the expression of the non-agricultural interests of the state.[9]

This "All-Iowa" meeting did not do such a great thing in itself, except that it was the means of creating another strong organized group in the Corn Belt. One of the resolutions adopted by the meeting was that the Governor of Iowa should appoint an "advisory committee" of not more than 50. From this group the Governor was to designate an "executive committee" which in conference with the Governor was to call an "all-corn-area conference of governors, congressmen, senators, farm leaders, agricultural college heads, state secretaries of agriculture, business and professional men, manufacturers and bankers, representing the eleven states lying wholly or in part in the corn belt.[10]

Governor Hammill, of Iowa, did as the resolution requested him to do. On the "executive committee" which he selected were several prominent leaders of Iowa: C. E.

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9. "All-Iowa Meeting Backs the Export Plan," in Wallaces' Farmer, Vol. LI (January 8, 1926), p. 35.
10. Ibid., p. 44.

Hearst, Milo Reno, E. T. Meredith, and John P. Wallace. This executive committee and Governor Hamill called a "corn area conference" to meet at Des Moines, January 28, 1926. Invitations were sent to all states lying wholly, or in part, in the corn belt.

This was truly a great meeting in the history of farm organization leaders to secure Federal enactment of a law to care for the exportable surplus. Twelve states were represented--Iowa, Illinois, Wisconsin, Nebraska, Ohio, Indiana, Michigan, Missouri, Kansas, Minnesota, South Dakota and North Dakota. Some prominent individuals present at the conference were George Peek; Frank Murphy; C. E. Hearst; Governor Hamill; Governor Gunderson, of South Dakota; Congressman Strong and Governor Paulen, of Kansas; William Hirth, chairman of the Corn Belt Committee; Frank O. Lowden, Congressman Dickinson; Carl Vrooman, former Assistant Secretary of Agriculture; and a number of governors sent personal representatives. This conference had a political complexion which was inevitable, with so many political office holders present. There were those, Governor Paulen being one of them, that believed the conference would make a mistake to endorse any particular bill or plan. On the other hand there were those who wanted the conference to endorse the Dickinson bill which the

Corn Belt Committee and other groups had endorsed. Mr. Lowden was the most prominent speaker on the program. He emphasized the farm board, the equalization fee and the co-operatives as agencies which were needed to help the farmer and these the Dickinson bill provided.

Carl Vrooman emphasized the fact that the West must extend its program to secure the support of the South if it expected to get a bill through congress.[11]

This meeting provided for an executive committee of 22 and it was to work in harmony with the Corn Belt Committee of Farm Organizations and the American Council of Agriculture. Heading this "Executive Committee of 22" was George Peek as chairman, of Illinois and also Earl Smith of that state; Indiana, Wilfrod Lindstrom, and J. A. Shields; Iowa, [illegible] P. O. Sanders and J. O. Shaff; Kansas, J. R. Burrows and P. W. [illegible]very; Michigan, Pete Monroe and L. W. Watkins; Minnesota, W. C. Coffey and O. P. B. Jacobson; Missouri, Charles M. Bell and A. [illegible]. Cole; Nebraska, Ballard Dunn and Mark Woods; Ohio, H. A. Eaton and W. Pew; South Dakota, C. W. Croes; Wisconsin, L. R. Clausen and Edward Nordman; North Dakota's representatives were to be

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11. Donald R. Murphy, "The Story of the Corn Belt Meeting," Wallaces' Farmer, Vol. LI (February 5, 1926), pp. 175-176.

chosen later and William Firth, chairman of the Corn Belt committee and Frank Murphy, president of the executive committee of the American Council of Agriculture were also given places on the committee.[12]

It is interesting to note that three individuals, in particular, held positions of responsibility on these late organization committees. They were George Peek, Frank Murphy and William Firth. That being the case, it was much easier for the three prominent committees to work out an effective legislative program. Those three committees or councils were the American Council of Agriculture, the Corn Belt Committee of Farm Organizations and the Executive Committee of 22 of the Corn Belt.

This meeting in Des Moines directed the Executive Committee of 22 to: "Present said platform [adopted at the meeting] to a meeting to be called in Washington of all the congressmen and senators from the agricultural area and particularly of our states represented at this conference so that they may thoroughly understand the fundamentals of our platform and so that our executive committee may at the same time have the benefit of the recommendations from

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12. "Corn Belt Committee Carries the Fight on," in Wallaces' Farmer, Vol. LI (February 5, 1926), p. 176.

these representatives in congress."[13]

It would seem that the farm organization leaders had done a lot of organizing and work since the defeat of the second McNary-Haugen bill in order to put the next bill through congress. Congress was in session at the time when the American Farm Bureau Federation, the All-Iowa Meeting and the Corn-Area Conference endorsed the export corporation plan of handling the surplus and restoring agriculture to a position of equality. How successful the efforts of the farm organization leaders had been will be shown in the following paragraphs.

Congress Rejects the Third McNary-Haugen Bill

In his message to the 69th Congress in December, 1925, President Coolidge pointed out that agriculture was in the best condition it had enjoyed since 1920. He pointed to the constructive agricultural legislation of past Republican congresses, recommended that congress enact whatever laws were necessary to aid co-operative marketing, good roads, better transportation, extension of credit facilities and the repression of wasteful speculation. However,

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13. Ibid.

he did not recommend any such legislation as the farm leaders wanted.[14]

A number of farm relief bills were discussed before the agricultural committees of the House and Senate. Not all of them were reported to the main floor of either house but most of them were offered as amendments in one form or another to bills that were reported for consideration. The Dickinson bill which had been endorsed by many farm organizations was altered slightly and introduced as the Haugen bill. It provided for a farm board chosen from various land bank districts, an "equalization fee" to be applied to cotton, corn, pork, and wheat with the fee deferred for three years on cotton and corn. (It really doesn't matter what the form of the bill was for it was badly defeated). The Tincher bill was known as the "administration" bill and provided for a fund of $100,000,000 to be loaned to co-operatives to help take care of the surplus. The McKinley-Adkins bill provided for an export debenture plan as a way of making the tariff effective on agriculture. The Aswell bill provided for a sort of national co-operative marketing organization.

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14. "President's Recommendations to the 69th Congress," in The Congressional Digest, Vol. IV (December 1925), p. 339.

When the McNary-Haugen bill came to a vote late in May, 1926, it was defeated by a vote of 212 to 167. The vote two years before had been 223 to 153. It did not appear that the efforts of the farm organization leaders had paid a very big dividend. A few cotton co-operative associations were strong in the south and they may have had some influence upon the vote in some instances. The export corporation plan seemed to have gained most in the South Atlantic group of States, that group casting 16 votes for the bill, where as only 6 were cast for it in 1924. The cause gained 4 votes in the four States of Kentucky, Tennessee, Alabama and Mississippi.[15]

The states that voted 100 per cent for the Haugen bill were: Iowa, Nebraska, Indiana, South Dakota, North Dakota, Wyoming, Montana, Idaho, Nevada, Utah, Arizona and New Mexico. Only five of the 12 states represented at the Corn-Belt conference had voted unanimously for the bill. In a few instances the congressmen from the states represented at that conference voted quite heavily against the bill. Ohio voted 16 to 5 against it; Michigan, 9 to 3 against it; Illinois cast only 18 out of 26 for it; and Missouri voted 4 votes against it. However, in addition

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15. Black, "The McNary-Haugen Movement," in American Economic Review, Vol. XVIII, pp. 410-11.

to the states mentioned above that voted unanimously for the bill, Kansas and Minnesota each cast 1 vote against it and Wisconsin 2 votes against it.[16]

The Senate vote against the McNary bill, which was similar to the Haugen bill in its provisions, was 45 to 39. The states have equal voting power in the Senate and the strength of the Mid-West and Corn Belt regions showed up more in that house. How did senators from the states represented at the Corn-Area Conference vote on the bill? A poll of the vote showed that 14 of those senators voted for the bill, 5 against it and 4 did not vote. Both of Ohio's senators voted against the bill as did one senator from each of the states of Michigan, Wisconsin and Missouri.[17]

The vote in the House of Representatives from the states represented at the Corn-Area Conference was 99 for the bill and 29 against it, with 5 not voting. The vote of the Senate was mentioned above. In spite of the work of the farm organization leaders in organizing the Corn Belt, there appeared to be 34 members in congress from that region who were not convinced that the export corperation plan was the best way of solving the farmers' troubles.

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16. Ibid.
17. Ibid., pp. 410-411.

Some of the arguments advanced against the bill in congress were: It was a price fixing measure; parts of it, particularly the "equalization fee" part were alleged to be unconstitutional; it was economically unsound; that it would lower the purchasing power of wages and it would increase production. Secretary Mellon bitterly opposed the bill and probably had a great deal of influence on the vote in congress.

What was the feeling of farm organization leaders after this third defeat? George M. Peek made this statement: "Industrial forces that control the present administration are responsible for the defeat of the McNary-Haugen bill. Secretary Mellon, the spokesman for the industrial East, has unintentionally rendered farmers a great service, however, by his brutal candor in demanding as a permanent policy that American farmers sell their products to American industry at European peasant prices, which means industrialization of America at the expense of America."[18] Chester Gray, representative of the American Farm Bureau Federation said, "It is unfortunate that the administration could not see the justice and advisability of giving the

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18. "Third Knock-Out for McNary-Haugenism," in The Literary Digest, Vol. XC (July 10, 1926), p. 7.

Haugen bill a chance to prove its worth."[19]

What did the farm organizations leader intend to do? Charles Hearst said, "This is only the beginning of the fight..... Congress must in the end act favorably."[20] Carl Vrooman, of Illinois, said the next move was to build up a coalition of farmers of the west and the south. This leader also said, "We have no objection to equitable and fair legislation to promote the reasonable prosperity of the manufacturer, the railway.....but we demand that agriculture be put on an equality with all such national interests by being given the same measure of protection and help....."[21] A rural paper in Iowa stated the situation this way: "The action of the Senate on the export plan last week is not so much a defeat as a postponement. Equality for agriculture is coming, and the tactics and arguments of the opposition have made its coming more certain than ever..... Plans now are being laid to call a big conference of farmers of the west and south at the close of this session of congress. Two alternatives offer themselves. The farm groups may continue to press for legislation along the lines of the export plan; they may decide

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19. Ibid.
20. Ibid.
21. Carl Vrooman, "A Program for the West and South," in Wallaces' Farmer, Vol. LI (July 9, 1926), p. 944.

to secure equality instead by a lowering of the tariffs on industrial products. One or the other they will have; there will be no compromise in this fight, no weakening. Those who have given agriculture a stone when it asked for bread at breakfast time may find themselves getting pebbles for supper."[22]

The long session of the 68th Congress did not end, however, without passing one law which agricultural leaders were glad to see enacted but it was only a small portion of what they demanded. The law referred to created a Division of Co-operative Marketing in the Department of Agriculture.[23] Farm leaders felt grateful for this for they felt that it was a rebuke to Secretary Hoover, who they thought had endeavored to have such farmer operations supervised by the Commerce Department. The law required that this new division in the Department should acquire, analyze, and disseminate economic and statistical information regarding the organization and business methods of co-operative associations. It is also authorized to acquire information concerning crop prospects, supply and demand, current receipts, exports and imports, and similar

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22. Gallacos' Farmer, Vol. LI (July 2, 1926), p. 916.
23. Statutes at Large, Vol. XLIV, Part II, 68th Cong., 1st Sess., pp. 802-803.

matters and to analyze this information and disseminate it.[24]

Another matter which should be mentioned at this point is a report on the agricultural problem in the United States made by the National Industrial Conference Board.[25] The study was begun in the spring of 1925 and the report was published in April, 1926.

The important questions which the Conference Board considered were:

1. "The trend of the economic position of agriculture as a whole in respect to the relation between those engaged in it and our land resources, on the one hand, and their relation to the rest of our economic life, on the other hand.

2. "The current position of agriculture from the point of view of the rewards of those engaged in it as workers and investors.

3. "The economic position of the most important groups of farmers, namely, those engaged in the most important branches of agricultural production--cotton, corn, wheat, hog and cattle raising and dairying--in those sections

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24. Lloyd S. Tenny, "The New Co-operative Marketing Law," in Review of Reviews, Vol. LXXIV (September, 1926), p. 304.
25. National Industrial Conference Board, The Agricultural Problem in the United States (New York, 1926)

where these branches of the industry are most concentrated--the East and West North Central and the South Atlantic and South Central States.

4. "The factors underlying the current position of agriculture as a whole and its most important branches and geographical sections."[26]

The Conference Board's report, in part, on the economic position of agriculture said:

"There has been a distinct and rapid improvement in the economic position of the average farmer since 1921; but in the latest year for which information is available there still remains a wide disparity in the position of workers and investors in the industry and other groups, which has been in evidence for a long period. It remains to be seen whether the great deflation which agricultural values have suffered since 1920, the abandonment, foreclosure, and bankruptcy of farms, the exodus of the farm population, and the general contraction of the industry that have taken place in the past five years are merely the passing consequences of the war or are a phase of a transition through which the agricultural industry has been passing during the past generation in the readjustment to the new

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26. Ibid., p. 22.

economic system that has developed since 1900."[27]

In the end the Conference Board summarized its report by stating that agriculture was too strong an industry not to recover. They urged some relief legislation but stated nothing specific. The most important thing of their summary was a recommendation that further investigations should be made. This prompted the United States Chamber of Commerce in conjunction with the National Industrial Conference Board to make a further study of the agricultural situation and a report of that investigation will be noted later.

THE ALLIANCE BETWEEN THE MID-WEST AND THE SOUTH, 1926-1928

Plans for the Alliance

The year of 1925 was considered to have been the best year which agriculture enjoyed since 1920. This was not true as far as the corn belt was concerned for there was a big surplus of corn and a consequent low price. The 1926 year was not quite as good as 1925 and it was especially disastrous for the corn belt and the cotton belt. The 1926 corn crop was selling for 65 to 70 cents per bushel and

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27. Ibid., p. 65.

the price of cotton had dropped to 11 or 12 cents per pound. The cotton situation was especially bad. The 1924 crop year yielded over 13 million bales and the farm value was 22.6 cents per pound; the 1925 crop year yielded over 16 million bales at a farm value of 18 cents per pound; and the 1926 crop was over 18 million bales with a farm value of 10.9 cents per pound.[1] The significance of this surplus cotton and its low selling price was to help the leaders of the McNary-Haugen movement by bringing into their ranks a number of prominent leaders of the cotton growers' associations. A few cotton co-operative associations had worked for the third McNary-Haugen bill in congress. While that bill was in congress certain farm leaders argued that, if the Corn Belt expected to win its battle in congress, the congressman of the South must be won over to the export corporation plan for taking care of the surplus. To do this the farm leaders of that section must organize and present their demands in an effective way. It is the purpose of this part of the thesis to relate how an alliance was formed between the Mid-West and Southern farm organizations in order to secure the enactment of national legislation to relieve those agricultural

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1. Yearbook of the U. S. Department of Agriculture, 1926, p. 1200.

sections.

In July, 1926, following the defeat of the third McNary-Haugen bill in congress the Corn Belt Committee of Farm Organizations held a meeting at Des Moines, to lay plans for continuing the fight for "equality for agriculture." This committee passed a series of resolutions in regard to the past actions of congress and certain industrial leaders and the future plans of the organization. Parts of their resolutions are quoted:

"The leading farm organizations representing the great grain and livestock producing states hereby renew their demand for legislation at the hands of congress that will assure equality for agriculture with other industries..... We condemn.....the shortsighted industrial policy expressed by spokesmen for the national administration, including Secretary Mellon, Secretary Hoover and Secretary Jardine.... In presenting the recent farm relief bill, we did not ask for a subsidy or for special privilege..... And in answer to those who seem to be under the impression that agriculture is asking for special favors, we cite.....the Esch-Cummins act.....the Federal Reserve System.....the Fordney-McCumber tariff act.....and the Adamson law..... We do not want to be understood as having in the slightest degree lost faith in the great co-operative movement..... We

appreciate and solicit the support of organized commerce, finance, industry and labor in working out a fair national policy for agriculture, but we submit that such policies should originate with agricultural organizations....."[2] The American Council of Agriculture and the Executive Committee of 22 endorsed these resolutions.

The committee decided that another meeting should be held at Des Moines in October, 1926, to make definite plans for a conference between Mid-West and Southern farm organizations. This meeting was held at Des Moines, to which a member of new farm organizations sent delegates and which were accordingly granted representation on the committee. These new farm organizations were the Minnesota Council of Agriculture, the Wisconsin Creamery Association, the Farmers' Union Livestock Commission Company of Chicago and the Iowa Threshermen. The spirit of this meeting was, that, due to the cotton situation in the south, the time was ripe for a genuine union between that section and the Mid-West. Plans were laid for a big "South and West Conference" to be held at St. Louis, November 16 and 17.[3]

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2. "Keep Up the Fight for Farm Equality," in Wallaces' Farmer, Vol. LI (July 30, 1926), pp. 1008 and 1018.
3. "South and West to Join Hands," in Wallaces' Farmer, Vol. LI (October 29, 1926), pp. 1415 and 1418.

It should be noted that the leaders of the cotton producers had held a meeting at Memphis in January, 1926, and urged that the cotton co-operatives be supported in their endorsement of the McNary-Haugen bill in congress. Leaders at this Memphis conference were B. W. Kilgore, president of the American Cotton Growers' Exchange and Mr. Tait Butler, editor of the Progressive Farmer, (Birmingham, Alabama) and they urged the prominent southern leaders to attend the St. Louis meeting in November.

It should be noted that in the fall of 1926, while traveling and speaking in Kansas, Secretary Jardine outlined what was called the "administration" plan for handling the surplus problem. In his report to the President in, 1926, Secretary Jardine said there were two general avenues of approach to a solution of the surplus problem. One was through a better adjustment of production to market requirements and the other approach was through marketing.[4] It was in conformity with these two suggestions that Secretary Jardine outlined a plan of government aid to co-operatives, through cheap loans to a central co-operative agency, managed by competent leaders. "The nearest.....that

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4. Yearbook of the U. S. Department of Agriculture, 1926, p. 5.

we can come to solving the marketing problem of the farmers is through the development of farmer-controlled marketing machinery..... It is my conviction that we must have organizations built around commodities if we are to influence and bring about a production program that fits into and meets an effective demand."[5]

The South and Mid-West Conference at St. Louis

The meeting which had been called by the Grain Belt Committee of Farm Organizations to meet at St. Louis, on November 16 and 17 was held as planned. It was described by farm magazine writers as a jubilant and enthusiastic gathering. The sentiment of the meeting may be expressed in this statement: "Farm representatives from the South joined with men from the North to agree that the disposal of agricultural surpluses was a national problem, that federal action was needed for its solution, and that the cost of handling the surplus should be charged back to all producers benefiting."[6]

Surplus control was the keynote of the meeting and

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5. "Dr. Jardine's Farm Prescription," in The Literary Digest, Vol. XC (September 25, 1926), pp. 12-13.
6. H. A. Wallace, "Cotton South and Corn Belt Unite," in Wallaces' Farmer, Vol. LI (November 26, 1926), p. 1557.

there seemed to be no serious objection to controlling it by means of an equalization fee. Southern farm leaders had a prominent part in this meeting. Dr. Tait Butler presided over the meeting. The cause of the South was explained by such leaders as Abe Waldever, a Tennessee cotton co-operative lawyer; B. W. Kilgore, chairman of the board of trustees of the American Cotton Growers' Association; Senator Caraway, of Arkansas; Mr. Pitts, a cotton man from Texas; and Mr. Carns, a rice man from Louisiana. Prominent northern leaders at the conference were: W. H. Settle, of the Indiana Farm Bureau, Senator Brookhart, of Iowa; and Frank O. Lowden, of Illinois. Mr. Lowden outlined to the conference how a federal farm board might do much in the way of stabilizing farm prices.[7]

This conference adopted what was known as a declaration of principles.[8] The essence of this set of principles was as follows:

"First, farm relief should at once be taken under advisement by the agricultural committees of congress so that action can be taken this winter. [Meaning the short session of the 69th Congress.] Second, both political parties were

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7. Ibid., pp. 1537 and 1559.
8. "A Program for the South and West," in Wallaces' Farmer, Vol. LI (November 26, 1926), pp. 1540 and 1560.

criticized for their failure to provide adequate farm relief. Third, tariff reductions were demanded on such commodities as aluminum, steel and other similar monopoly produced articles. Fourth, the President's cotton committee was criticized and the demand was made for a permanent cotton program. [President Coolidge had appointed a cotton committee, composed of Eugene Meyers, Jr., Secretary Mellon, Secretary Hoover and Secretary Jardine to investigate the cotton situation.] Fifth, leaders of industry, commerce and labor were appealed to on the ground that a solution of the agricultural situation would eventually be of aid to them also."[9]

Judging from the importance of this meeting it appeared very probable that a farm relief bill would be passed at the next session of congress. The combined voting power of the West and South would make that possible. If the leaders could get congress to pass a surplus control bill with an equalization fee as a part of it, the big question would be the attitude of President Coolidge towards it.

What was the attitude of the three big national farm organizations on this question? The annual convention of the American Farm Bureau Federation went on record as

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9. Wallace, loc. cit., p. 1559.

unanimously in favor of an act creating a federal farm board to handle the agricultural surpluses, the cost of the same to be distributed over each marketed unit of a particular commodity, through an equalization fee.[10] The National Farmers' Union convention adopted a resolution that the President appoint a committee to work with the legislative committee of the Corn Belt in shaping measures for agricultural relief.[11] However, there was one national farm organization which did not endorse the equalization fee as a means of handling the surplus. That was the National Grange. That organization went on record in favor of the export debenture plan, as advocated by Professor Stewart, an economist, of Illinois.[12] Laying aside the action of the National Grange, it would seem that the farm organizations seemed to be well organized for another campaign to convince congressmen that their plan of farm relief was what agriculture needed.

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10. H. A. Wallace, "Farm Bureau for Surplus Control," in Wallaces' Farmer, Vol. LI (December 17, 1926), p. 1601.
11. "Educate for Co-operation," in Wallaces' Farmer, Vol. LI (December 3, 1926), p. 1576.
12. "President's Recommendations to the 69th Congress," in The Congressional Digest, Vol. V (December, 1926) pp. 327-328.

Coolidge Objects to the Equalization Fee

When the short session of the 69th Congress met, President Coolidge made the following statements concerning surpluses in his message to congress: "Surpluses often affect prices of various farm commodities in a disastrous manner, and the problem urgently demands a solution. It is my hope that out of the various proposals made the basis will be found for a sound and effective solution upon which agreement can be reached. In my opinion collective marketing associations will be important aids to the ultimate solution of the problem..... In working out this problem to any sound conclusion it is necessary to avoid putting the government into the business of production or marketing or attempting to enact legislation for the purpose of price fixing. It is unfortunate that no general agreement has been reached by the various agricultural interests upon any of the proposed remedies. We ought to put more emphasis upon the question of farm marketing. If a sound solution of a permanent nature can be found for this problem, the Congress ought not to hesitate to adopt it."[13] This message

13. "President's Recommendations to the 69th Congress," in The Congressional Digest, Vol. V (December, 1926), pp. 327-328.

must not have been very encouraging to farm organization leaders.

The 69th Congress had before it, and discussed in the committees and on the floor, two main farm relief plans. One was known as the Curtis-Crisp bill which supposedly embodied the "administration" plan which Secretary Jardine had advocated the past summer. The other plan was that provided in the McNary-Haugen bill. There were two other plans, one the export debenture idea in the Adkins bill, and another introduced by Representative Aswell, but neither of these received much consideration. Farm organization leaders were on hand to see that the agricultural committees were well informed on what their bodies wanted.

One economist pointed out the difference between this McNary-Haugen bill and the one defeated in May, 1926, as follows: ".....in providing for an equalization fee for cotton at once, this to be used in accumulating funds with which to finance the holding of large crops of cotton; in omitting cattle and butter from the list of commodities and adding rice; in making the operation of the plan dependent upon a vote in favor of it by representatives of a half of the product; by providing for an advisory council for each of the commodities; and by providing for loans to co-operatives for purchase and construction of storage

facilities."[14]

The McNary-Haugen bill was discussed and argued at great length for over two months. According to one authority the advocates of the bill hoped that it would stabilize the prices of farm products; permit the disposition of surpluses without depression; secure a protected market to producers of those crops consumed mainly at home; and promote co-operative marketing associations by making it possible for them to control the movement to market without imposing the burden on their members alone. At the same time the advocates denied that it was a price fixing measure; that it was a government subsidy; and that it would encourage over production. The three paramount objections to the bill were: the equalization fee which would require a cumbersome organization to operate it and it was probably unconstitutional; that the method of selecting the Federal Farm Board imposed a limitation upon the appointing power of the President which might render it unconstitutional; and the feeling of assurance that if surpluses can be disposed of would stimulate over-production, and thus in the long run prove extremely harmful to the farmers.[15]

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14. Black, "The McNary-Haugen Movement," in The American Economic Review, Vol. XVIII, pp. 410-411.
15. "Hopes and Fears for the McNary-Haugen Plan," in The Outlook, Vol. CXLV (February 23, 1927), p. 228.

The operation of the equalization fee principle is explained by Mr. Peek as follows:

"To take a familiar example, America raises about 800,000,000 bushels of wheat. Of this production we use at home about 650,000,000 bushels. The remaining 150,000,000 must be marketed abroad. If the world price is $1 a bushel, then the farmer gets not merely $1 on 150,000,000 bushels, but on 800,000,000 bushels. His total crop revenue is $800,000,000, and the existence of a 42-cent tariff does not alter the case practically. But let us assume that the McNary-Haugen plan is operating, that the surplus is segregated in the market, and that the price rises to $1.40 a bushel. The total revenue now would be $1,120,000,000, an improvement of $320,000,000. However, there would still remain the expense of administering the system and a stock of 150,000,000 bushels of wheat that would have to be sold abroad at $1 a bushel, the assumed world price. It is plain that a loss would be suffered on this surplus wheat of 40 cents a bushel, or $60,000,000 in all, plus costs of administration. Now the question arises where this money is to be found.

"A charge would be placed against each bushel of wheat brought to market at the most convenient point of collection. In practice, it would probably be collected

from the elevator man. To arrive at this charge, costs and losses would be spread out over the whole crop. A total loss of $60,000,000 on 800,000,000 bushels means that each bushel is liable for 7½ cents. A fee of 8 cents a bushel would be ample to cover all possible costs and losses of the operation. The elevator man, therefore, being subject to a charge of 8 cents a bushel, would be able to bid, not the full $1.40, but only $1.32. The farmer would thus get $1.32 for his wheat, instead of only $1, and his crop would be worth $1,056,000,000 instead of $800,000,000, a net gain of $256,000,000."[16]

When the bill was finally brought to a vote in both houses it was passed by substantial majorities and the Crisp-Curtis bill was defeated. The Senate passed the measure February 11, by a vote of 47 to 39. The vote in the House was taken February 17, and the result was 214 to 178 in favor of the bill. Virtually all the new votes gained (8) in the Senate were from the South. The gain in votes in the House was 47, and of these about 40 of them were in the South and the balance in the Corn Belt and on the Pacific Coast.[17] It seemed that the alliance between

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16. George N. Peck, "The McNary-Haugen Plan for Relief," in Current History, Vol. XXIX (November, 1928), pp. 275-276.
17. Black, loc. cit., pp. 408-411.

the West and the South had produced the desired result--a bill had been pushed through both houses of congress.

The main provisions of this bill were: Creation of a Federal Farm Board of 12 members and the Secretary of Agriculture, the 12 members being appointed from the Federal Land Bank districts from 36 nominees submitted by farm organizations; a commodity advisory council of 7 members for each basic commodity, those to be appointed by the board; the basic agricultural commodities designated were cotton, wheat, corn, rice and swine; the surplus of these commodities to be handled by the co-operatives through contract with the board; a revolving fund of $250,000,000 to start with; funds for payment of advances, losses, costs and charges, incurred during the operations in any basic commodity, to be secured by collection of an equalization fee; long term loans were to be advances to co-operatives.[18]

The farm organization leaders were hopeful but at the same time skeptical as to whether President Coolidge would sign the bill. With the influence which Secretaries Mellon, Hoover and Jardine had with the President, they were not very confident of obtaining his signature. The farm leaders

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18. "Summary of the New McNary Surplus Control Bill," in Leaflet from American Farm Bureau Federation Extension Service, 1927.

who had been most active in the "farm lobby" at Washington were: Chester Davis, of Montana; Walton Peteet of Texas; George Peek, of Illinois; William Firth, of Missouri; Frank Murphy, of Minnesota; Doctor Milgore, of North Carolina; W. F. Settle, of Indiana; and Charles Hearst, of Iowa.[19]

President Coolidge was not long in letting the country know how he stood on the bill. He returned it to the Senate, with his objections, February 25. The farm organizations were defeated again. This time the President had vetoed it after they had worked to secure its passage in congress.

The president's veto message was a lengthy article of about 14,000 words and included a statement by Attorney-General Sargent on certain constitutional points.

President Coolidge's objections to the bill were as follows: That the measure dealt with few, not all, farm products, and in operation would discriminate against some farmers in favor of others and would check diversification and promote one-crop farming; that it would not benefit the farmers, because increased production and decreased consumption would follow better prices; that it guaranteed

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19. Wallaces' Farmer, Vol. LII (March 4, 1927), p. 345, editorial.

profits to packers, millers and cotton spinners at the expense of farmers; that the equalization fee was impossible of exact predetermination; would not be collected on units that do not move in commerce; its collection would prove an impossible task; that it meant the enormous building up of government bureaucracy; that the method of nominating the board was not only unconstitutional, but when taken in connection with the broad delegation of powers to the board constituted a dangerous precedent in government; that it might obligate the government beyond the $250,000,000 revolving fund; that it would not aid co-operative marketing; that the provision for expression of producers' sentiment was unworkable; that it would lead to disastrous dumping of farm products abroad and lead to reprisals on the part of foreign nations; that the insurance provision was destructive of all orderly processes of trade and would be unfair to non-members of the cooperatives; that it would disrupt existing channels of trade; and that many farmers had not asked for it.[20]

Needless to say the farm organization leaders attacked the veto message in scathing tones and words. Represent-

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20. "Message from the President of the United States to the Senate," 69th Cong., 2 Sess., Senate Document, No.214.

ative J. L. Dickinson, of Iowa requested the Executive Committee of 22 to prepare an analysis and refutation of the veto message. This was done under the direction of George Peek and was read to the House of Representatives by the same Congressman and made a part of the congressional record. Business and industry as a whole commended and upheld the veto message. Farm leaders were loud in their acclaim that the agricultural leaders of the country would rally from this defeat, secure the passage of another bill in congress, and if the President should then refuse to sign it, grave political results would follow. President Thompson predicted that congress would pass another measure and that the President would sign it.

It will be seen that farm leaders had no intention of giving up the fight for "equality for agriculture." They intended to hold a number of conferences, rally their forces, reannounce their demands, push another measure through congress with the thought that President Coolidge would not dare to veto it a second time.

Conferences to Continue the Battle

During the summer and fall of 1927 the farm organization leaders were busy reorganizing and strengthening their forces to continue the McNary-Haugen campaign in the

70th Congress which would meet in December of that year. There was no special session of congress for President Coolidge went to the Black Hills in South Dakota to spend the summer months. The farmer leaders hold four conferences during this interval, the first one at Des Moines, in May; the second one at St. Paul, in July; the third one at St. Louis, in November; and the fourth at Des Moines, in November.

The meeting held at Des Moines, in May, was one of the Corn Belt Committee of Farm Organizations but at times will be spoken of hereafter in this thesis as the Corn Belt Federation of Farm Organizations. This meeting was attended by representatives of state Farm Bureaus, state Farmers' Unions and numerous associated organizations from eleven Corn Belt states: Iowa, Illinois, Indiana, Wisconsin, Minnesota, North Dakota, South Dakota, Nebraska, Kansas, Oklahoma and Missouri.[21]

This Corn Belt Federation made plans to continue the fight for a McNary-Haugen bill in congress. It passed a series of eleven resolutions in which the veto message of President Coolidge and the administration supporters were

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21. "Corn Belt Group to Carry on Fight," in Wallaces' Farmer, Vol. LII (May 27, 1927), pp. 780 and 803.

roundly denounced; pledged its united support in the effort to gain agricultural equality; maintained that agriculture was not asking for any special privileges; thanked the southern congressmen for their votes on the last McNary-Haugen measure; and finally, and without qualification re-affirmed their adherence to the principle that the farmers of the country were entitled to production costs and a reasonable profit for the fruits of their toil.[22]

The second meeting of the farm organizations during this interval was an agricultural conference at St. Paul, July 11 and 12th. This meeting was attended by representatives of farm organizations and congressmen from fifteen states from Montana on the west to Ohio on the east and as far south as Arkansas. It's purpose as stated by Frank W. Murphy, of the American Council of Agriculture was: "These meetings are called to give the people of the northwest an opportunity of hearing the most distinguished and able men in and out of congress discuss the farm problem and the McNary-Haugen bill. We have done this because of the tremendous amount of lying and propaganda that has been circulated in the northwest in relation to the economic status of agriculture and also with reference to the McNary-Haugen

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22. Ibid.

bill."[23]

The spirit of this conference gave evidence that the leaders of the fight for the McNary-Haugen bill did not intend to "back down" in front of the Coolidge veto. This resolution indicates their determination. "We therefore demand the enactment into law of the McNary-Haugen bill in the next session of congress, and pledge ourselves, our time and our fortunes to present the fairness of our cause to the American people, and pledge ourselves to work for the nomination of men for political offices who are favorable to this legislation."[24] This meeting was more or less of a "political show" for Herbert Hoolidge's benefit who was in South Dakota at the time. Prominent sponsors at this conference were Senators Norbeck, Gerry, and Brookhart; Congressmen Dickinson and Haugen, of Iowa; George Peek, president of the American Council of Agriculture; and Dr. Tilgore, of the American Cotton Growers' Exchange.

It should be noted that during the summer months a good deal of propaganda was spread among farm organizations in regard to the merits of Frank O. Lowden for the Republican nomination for presidency. A group of Iowans had visit-

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23. "Farm Meeting Demands Haugen Bill," in Wallaces' Farmer, Vol. LII (July 22, 1927), p. 980.
24. Ibid.

ed Mr. Lowden at his farm in Illinois and urged him to be a candidate.

In August, 1927, there was announced a "farm relief" plan upon the part of the administration. It was something similar to the administration bill in the past congress. It provided for a federal farm board to develop plans and policies for the control and disposal of excessive surpluses; for encouragement of co-operative marketing associations; for a revolving fund of $300,000,000 to be loaned to co-operatives; for advisory councils for each agricultural surpluses bought up out of the profits of the stabilization corporations formed out of the revolving fund. It did not provide for an equalization fee.[25]

The second South and West conferences was held at St. Louis, in November, 1927. About 300 farm leaders from 20 states were present and it was also an enthusiastic meeting for the defeated McNary-Haugen bill which the conference hoped to see passed by the next congress. Outstanding leaders at this convention were Governor McMullen, of Nebraska; Dr. Henry C. Taylor, who had been forced out of the Department of Agriculture; Senator Capper; Senator

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25. William MacDonald, "The Farm Relief Issue," in Current History, Vol. XXVI (September, 1927), pp. 954-956.

Robinson, of Indiana; C. O. Moser, president of the American Cotton Growers' Exchange; Governor Donaghey, of Arkansas; Mr. Tait Butler; and Charles A. Truax, director of agriculture for Ohio.

The spirit and sentiment of the meeting are indicated by this report: "The meeting denounced the French attempt to split the farm forces, placed responsibility for defeat of the movement for farm equality on President Coolidge and the Republican party, demanded repassage of the McNary-Haugen bill, and urged that farm voters in the next election disregard party lines and vote for candidates whose records show a willingness to give the farmer a square deal."[26]

The fourth meeting which the farm leaders held between March and December, of 1927, to keep the fight for McNary-Haugenism alive (for that was the real purpose) was a meeting of the Corn Belt Federation of Farm Organizations at Des Moines, in November. Thirty some state farm groups were represented at this meeting. Nothing new transpired. A set of resolutions was drawn up and adopted, the substance of which was quite similar to the resolutions and

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26. H. A. Wallace, "West and South at St. Louis," in Wallaces' Farmer, Vol. LII (November 11, 1927), pp. 1450 and 1472.

declarations of the meetings at St. Paul and St. Louis.[27]

Two of the large national farm organizations also passed resolutions endorsing the McNary-Haugen bill and requesting congress to enact the measure. The National Farmers' Union took such action at their National convention at Des Moines, in November.[28] This was the first time this organization had spoken so emphatically on the surplus problem. As would be anticipated, the American Farm Bureau Federation had a rousing, enthusiastic convention at Chicago, in December, endorsed the McNary-Haugen bill, re-elected J. R. Thompson as president, and among other addresses listened to Dr. Wm. E. Dodd, of the University of Chicago talk on "Shall American Farmers Become Peasants." What he said was enthusiastically received and well liked.[29]

From all this it would appear that when congress would assemble in December, 1927, the farm organization leaders would be on hand to urge congress to repass the McNary-Haugen bill. If congress should do this thing, it would be up to President Coolidge a second time. President Coolidge had announced that he would not be a candidate for the

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27. "For Farm Equality," in Wallaces' Farmer, Vol. LII (November 25, 1927), p. 1538.
28. "Union Backs McNary-Haugen Bill," in Wallaces' Farmer, Vol. LII (November 25, 1927), p. 1550.
29. "Bureau Stands Pat for Equality," in Wallaces' Farmer, Vol. LII (December 16, 1927), p. 1645.

nomination in 1928 and farm leaders were saying that unless the demands of the farmers were heeded, farm relief would be the predominating issue in the next campaign.

Reports on the Agricultural Situation

Although the agricultural leaders had been unsuccessful to a point in securing a law which would provide a plan to take care of the surpluses, they had been successful in stirring up enough publicity and thought to cause two distinct groups to appoint committees to investigate the agricultural situation. These two committees made their reports in the fall of 1927. One was a report made by the Business Men's Commission appointed by the United States Chamber of Commerce and the National Industrial Conference Board. The other report was made by a committee of the Association of Land Grant Colleges and Universities.

The Business Men's Committee was composed of prominent executives in the industrial field. Charles Nagel, of St. Louis, was chairman. This committee spent about a year in its investigation. A summary of its report is given.

After reviewing briefly the causes of agricultural depression since the war, the committee set forth certain suggestions for agricultural improvement. It advocated a revision of the tariff, even to the extent of a downward

revision on manufactured products, but was opposed to the McNary-Haugen type of legislation to give the farmer protection; suggested the creation of a Federal Farm Board to aid in the stabilization of prices and production in agriculture; that since legislation to stabilize prices was hard to attain, the individual farmer should do as much as possible to reduce production costs; that the farmer's success in reducing costs would have to come mainly as a result of co-operative effort; the adoption of a planned policy for the utilization of the land; co-operation of all groups to secure a reduction of public expenses and thus lighten the burden of taxation on land; that the agricultural credit system be revised and improved; and that freight rate schedules be revised downward.[30]

The commission in discussing legislative measures to relieve the agricultural situation went strongly on record as opposed to the legislation of the price raising type and argued at length against the type of legislation undertaken by the McNary-Haugen leaders. As expected, the Corn Belt leaders found fault and disagreed with the commission on that point. However, agricultural leaders congratulated this Business Men's Commission in advocating a downward

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30. Business Men's Commission on Agriculture, The Condition of Agriculture in the U. S. and Measurements for Its Improvement (New York, 1927), pp. 30-40.

revision of the tariff on many articles the farmer consumed.

The committee of the association of Land Grant Colleges and Universities made its report to that association's convention at Chicago, in November, 1927. Outstanding parts of its report were:

That agricultural surpluses should yield to control if proper adjustments were made in acreage and numbers of livestock; if new land was not brought under cultivation; if storage facilities were used more; and if sound marketing methods were used; all of which might be hastened by favorable and sound types of legislation.

That there was no need at present to develop more land for agricultural purposes. No new reclamation projects should be undertaken for a number of years.

Programs for equalizing the tax burden should be formulated by each state.

Need for readjustment in freight rates on agricultural products had been recognized by congress but investigations should be completed.

All phases of farm credit were not as satisfactorily handled as they should be, especially short-term credit demands.

The tariff should be made more effective for agricultural products and the rates on agricultural products should

be on a level comparable with the levels of those that are effective on products of other industries.

That the principle of agricultural co-operation was sound and should be extended.

Individual farmers must be responsible for the adoption and use of sound economical and progressive agricultural practices and for keeping their business adjusted to the conditions under which they operated.

Agriculture should not be dependent upon legislation to be enacted after emergencies arise, but there should be enacted such broad, permanent legislation as will enable agriculture to meet the emergencies as they occur.[31]

This committee attributed the cause of the present agricultural depression (1927) to "The sudden and severe decline in the general price level which brought with it an even greater decline in the price of most farm products....."[32] Agriculture had not recovered from this depression like other industries because of: "Continued high production of many farm commodities; changes in demand of some farm products; shifts and adjustments in agricultural production; failure of marketing, processing and distri-

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31. Report of the Special Committee of the Association of Land Grant Colleges and Universities, The Agricultural Situation, 1927, pp. 37-40.
32. Loc. cit., p. 10.

buting costs to decline; and failure of farm expenses and living costs to decline as much as have prices of farm products."[33]

This committee of college presidents and officials made a conservative report. No specific recommendations were made except those that every farmer would willingly subscribe to. One criticism about the report was the fact that such an association should be so tardy in making a study of the agricultural situation and suggesting remedies.

AGRICULTURE'S PROMINENCE IN THE PRESIDENTIAL CONTEST OF 1928

Coolidge Vetoes the Fifth McNary-Haugen Bill

When the 70th Congress assembled in December, 1927, President Coolidge dealt at considerable length with the subject of agriculture in his annual message to congress. He said nothing in his message to cause farm leaders to think he had changed his ideas about the McNary-Haugen bill which he had vetoed. He commented upon the improvement in the agricultural situation since 1921; mentioned the fact that it was almost unavoidable that all phases of such a

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33. Ibid.

broad industry should not be equally prosperous; emphasized the uselessness and harm which would follow legislative attempts to fix prices; warned against a government subsidy; mentioned a decreased acreage as the best way of preventing a surplus; and especially encouraged co-operative marketing and the Government's assistance in its extension. In the end he really recommended the "Jardine-administration" plan.

The McNary-Haugen bill which was finally introduced into the 70th Congress had been altered and revised somewhat in an effort to meet the objections which President Coolidge voiced in his veto message. The most important changes made were in regard to the manner in which the Federal Farm Board would be appointed and the operation of the equalization fee. The Federal Farm Board was to be appointed, consisting of twelve members, one from each federal land bank district, the Secretary of Agriculture being an ex-officio member, but the President was not to be limited by nominations made by farm organizations. In regard to the equalization fee, it was not to be employed until the Federal Farm Board had employed other means to pay the losses on surpluses sold abroad. Farm leaders were reluctant to make these changes but saw the necessity of so doing.

The secretary of the Corn Belt Federation had made an urgent call for funds from member organizations in order that the campaign might be carried on at Washington.[1] This official mentioned two possible effects on the Republican party if it failed to pass some kind of a farm relief bill: First, if the nominee of the Republican party favored legislation of the McNary-Haugen type, failure to enact a farm relief measure would strengthen his candidacy; second, if the nominee should be a conservative like Secretary Hoover, failure to enact a farm relief measure would hurt his candidacy, providing of course, the Democrats acquited themselves with credit.[2]

Farm relief measures, other than the McNary-Haugen bill were introduced into the 70th Congress as well. Among these was an "administration" bill, a bill embodying the export debenture plan, and a number of others.

The Corn Belt Federation of Farm Organizations, at which 39 farm organizations of the corn belt and the wheat belt were represented, met at Des Moines in April, 1928, to discuss the situation as it looked at that time. It regretted to see the McNary-Haugen bill weakened but in the

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1. A. W. Ricker, "Backing up the Corn Belt Committee," in Wallaces' Farmer, Vol. LIII (January 6, 1928), p. 32.
2. Ibid., p. 8.

end endorsed the bill then in congress. Secretary Hoover, who was the most prominent "administration" candidate for the Republican nomination at that time was bitterly denounced in a resolution adopted by the Federation. Part of the resolution was as follows: "Speaking for more than a million organized farmers, reaching from Indiana to Montana, the Corn Belt Committee hereby serves notice upon the leaders of the Republican party that if by any chance Herbert Hoover should be nominated for President at the forth-coming Kansas City convention, that the great corn belt states will be found solidly against him....."[3]

The McNary and Haugen bills were reported to the Senate and House respectively in April, 1928. The bill was brought to a vote in the Senate April 12th, and passed by a vote of 53 to 23 with 17 Senators not voting. The vote of the Senate in 1927 had been 47 to 39 for the bill with 9 not voting. An attempt to remove the "fee" from the bill failed by a vote of 46 to 31.[4] The vote on the Haugen bill in the House was taken May 3, and the result was 204 to 121 for the bill, with 105 not voting.[5] Many of these who

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3. "Corn Belt Committee Discusses Bill," in Wallaces' Farmer, Vol. LIII (April 13, 1928), p. 590 and 623.
4. "Senate Approves the McNary Bill," in Wallaces' Farmer, Vol. LIII (April 20, 1928), pp. 635 and 645.
5. "How the Farm Bill Went Through the House," in Wallaces' Farmer, Vol. LIII (May 11, 1928), pp. 743 and 752.

did not vote were from New York, Pennsylvania, the East North Central, and South Atlantic States. The vote in the House the year previous was 214 to 178 for the bill with 39 not voting. In regard to the vote in favor of the bill in 1928, it should be remembered that it was a campaign year and although many congressmen may have thought that the bill would meet with executive disapproval, his voting in favor of the bill might mean votes for himself that fall. A conference committee worked out the minor difference between the McNary and Haugen bills and the conference report was accepted without a record vote.

The farm organization leaders, of which there were many in Washington, were hopeful that President Coolidge would sign the measure. While the bill was in conference, sixteen farm organization representatives visited the President and urged him to approve the bill. They read to the President a carefully prepared resolution of the farm organizations endorsing the bill and urging his signature. In this resolution they made a last final plea for the "equalization fee."[6]

President Coolidge disappointed the farm leaders a

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6. Ralph Snyder, "Why Shouldn't Farming Have Strong Lobby," in Kansas Farm Journal, Vol. IX (May 15, 1928), p. 1 and 7.

second time by vetoing the measure. He not only disapproved the measure but in his veto message he denounced it in such terms that farm organization leaders considered it a "slap in the face." Space in this thesis does not allow for an analysis of the veto message but the six major weaknesses of the bill which President Coolidge pointed out were: First, its attempted price fixing fallacy; second, the tax characteristics of the equalization fee; third, the widespread bureaucracy which it would set up; fourth, its encouragement to profiteering and wasteful distribution by middlemen; fifth, its stimulation to production; and sixth, its aid to our foreign agricultural competitors.[7] The President sent the veto message to the Senate which voted to sustain the veto as the vote to pass the bill over the veto fell short of the necessary two-thirds. The vote was 50 to 31. Several Senators changed their votes in order to sustain the veto and one of those was Senator Curtis of Kansas. This was the end of the fifth McNary-Haugen bill in congress. There remained just one thing for its supporters to do: Lay their plans to nominate and elect a President and a Congress that would enact such a measure and thus "relieve the farmer."

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7. Kansas City Star, (May 24, 1928), p. 12.

The administration supporters and industrialists praised President Coolidge for vetoing the bill a second time. Farm leaders looked upon his message as a "go home and slop your hogs" mandate and condemned the excessive use of the veto power. What the political effect of the veto would be remained to be seen.

A Battle at the Conventions

The supporters of the McNary-Haugen bill were vehement in their protests against the veto. The mouth-piece of the corn belt, the Corn Belt Federation of Farm Organizations, met at Des Moines June 1, and issued a scorching denunciation of the veto message; rehearsed their efforts to secure "equality for agriculture"; pledged their continued support for that cause; and called upon all farm people to forget party affiliations and vote for congressmen and a President who would favor a farm relief program that "farmers" wanted.[8]

About this time Governor McMullen, of Nebraska, assumed the leadership of the farm forces and announced a call for 100,000 farmers to march upon the Republican party's convention and make known their demands and secure

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8. Kansas Farm Journal, Vol. XX (June 15, 1928), pp. 1-8; 7-8.

for agriculture its entitled rights. The Republican party held its nominating convention at Kansas City, Missouri, and to that place the farm leaders sent their representatives to demand justice for agriculture. Possibly 500 individual farmers attended the convention. Governor Lowden was their choice for the Republican candidacy and they wanted to secure the adoption of a platform which endorsed the McNary-Haugen principle.

The real battle for the farm forces at Kansas City came when the convention adopted the platform. The demands of the farm organizations were presented to the resolutions committee by Governor McMullen, S. H. Thompson, W. H. Settle, C. C. Talbott, Xenophen Caverno and Henry Keeney. When the resolutions committee presented its report to the convention it contained an agricultural plank which the farm organization leaders claimed did not meet agriculture's need.

In addition to the promises to assist in the reorganization of the marketing system, to make the tariff effective for agriculture and to broaden the export market for the farmer the Republican party's platform contained this pledge: "The Republican party pledges itself to the enactment of legislation creating a Federal Farm Board clothed with necessary powers to promote the establishment of a

farm marketing system of farmer-owned-and-controlled stabilization corporations or associations to prevent and control surpluses through orderly distribution."[9]

About fifteen members of the resolutions committee rendered a minority report which contained this clause: "We, therefore, favor the prompt enactment of legislation embodying the principles of the McNary-Haugen bill and its administration by those in sympathy with its objects."[10] This plank was ably defended before the convention by Earl Smith, of Illinois; by Frank Murphy, of Minnesota; and by Governor McMullen, of Nebraska. Mr. Murphy made an appealing address for the support of the minority plank. Representative Franklin Fort and Senator W. E. Borah attacked the McNary-Haugen principle of legislation. This might be called the "high-water-point" of McNary-Haugenism. Would the convention adopt the McNary-Haugen principle--or would it turn it down and risk losing thousands of votes in the western states? A roll call of the convention announced that the minority report, the McNary-Haugen principle, was defeated 807 to 277.[11] Of that 277 votes, 221 of them were

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9. Official Proceedings of the Republican National Convention at Kansas City, Missouri, June 12, 15, 1928, p. 122.
10. Ibid., p. 136.
11. Ibid., pp. 174-175.

cast by delegates from Indiana, Illinois, Iowa, Michigan, Minnesota, North Dakota, South Dakota, South Carolina, West Virginia and Wisconsin. On the other hand Kansas, Nebraska, Missouri and Oklahoma cast only 17 of their 101 votes for the McNary-Haugen principle. The Corn Belt was not holding together and that looked bad for the farm leaders.

While the convention was nominating a presidential candidate and after the platform had been adopted and Herbert Hoover's name placed before the convention, Frank O. Lowden, the farm organizations' endorsed candidate withdrew from the race. Mr. Lowden's message of withdrawal was read to the convention. Parts of that message were: "I have stated publicly that I did not want the nomination unless the Republican party was prepared to meet fully and fairly the agricultural issue..... This in my judgment, the convention by its platform just adopted has failed to do. I therefore authorize the withdrawal of my name from the convention. Though I cease to be a candidate my interest in the cause is in no way abated."[12]

The farm organization leaders had failed utterly to have the Republican party adopt its principle, its program or its candidate. They now turned their attention to the

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12. Ibid., p. 186.

Democratic nominating convention which met at Houston Texas, the last week in June. The Democrats saw their opportunity and did not let it slip. They received the farm organization representatives cordially and although their platform did not mention the McNary-Haugen principle of the equalization fee specifically, they did allow the farm leaders, George Peek, Frank Murphy and W. F. Settle, to have a great part in writing the agricultural plank.

Fighting for a Principle

Agricultural leaders realized the Republican party was the stronger party and would have been very glad if Mr. Lowden had been nominated and if the Republican party had endorsed the McNary-Haugen principle. The Republicans had refused to do either, rejecting their agricultural plank and nominating Herbert Hoover and Charles Curtis for President and Vice-President. The farm leaders had succeeded a little better at Houston but they had a big task ahead of them to convince the normally dry, Protestant, Republican West that Alfred Smith of New York City, the Democratic nominee, would be more favorable to agriculture than would Herbert Hoover, who was born in Iowa.

The Corn Belt Committee had appealed to the farmers to forget party affiliations and to vote for candidates

that would be sympathetic with agriculture's problems. Beginning in July, and continuing through August and September, the Corn Belt Committee endeavored to rally the western states to the support of the Democratic platform and candidate. All of the old feeling against Herbert Hoover while he was Food Administrator was resurrected. The farm leaders endeavored to get from candidate Smith a statement that he favored the McNary-Haugen principle of legislation but they failed in this endeavor.

During the campaign of 1928 it was the Corn Belt Committee or Federation of Farm Organizations that bore the brunt of the struggle. The Executive Committee of 22, being more or less of a political group was split into two factions during the campaign, and the American Council of Agriculture seemed to vanish. The Corn Belt Committee held a meeting at Des Moines on July 16th at which 74 representatives of farm organizations were present. The real leaders of the McNary-Haugen movement were there in full force and every former leader who was a Republican and who was not present was denounced as a traitor. Among those who were thus condemned were Governor Hammill and Senator Brookhart. In spite of the fact that of those present 55 were Republicans, the group condemned the "G.O.P." platform. In brief, it may be said that the resolutions made it clear

that organized agriculture believed that the McNary-Haugen bill was still very much alive, that the Republican convention made a big mistake when it turned it down and that the Democratic party made a tremendous step forward when it took the stand it did at Houston.[13] The Committee expected to wait until each candidate answered a question asked him by W. M. Settle, as to how he stood on the agricultural question and what he would do if elected, and after each candidate had delivered his acceptance speech, when it would meet again and work out detailed instructions and recommendations for the various member organizations.

In their acceptance speeches both Hoover and Smith, in true political style, recognized the importance of the agricultural situation, emphasized the stand of their party platforms on that question, but really added nothing new to the situation. Mr. Smith did promise, however, that if elected he would call a conference of recognized leaders in agriculture, work with them in shaping a program and do his best to see it enacted.[14]

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13. H. A. Wallace, "Corn Belt Committee Condemns G.O.P.", in Wallaces' Farmer, Vol. LIII (July 20, 1928), p. 1027. "Corn Belt Committee Resolution," in Wallaces' Farmer, Vol. LIII (July 27, 1928), p. 1066.
14. Official Report of the Proceedings of the Democratic National Convention, Held at Houston, Texas, June 26-29, 1928, p. 280.

Meantime in July, the Republican state convention was held in Iowa, at which two rather conflicting things took place. The convention endorsed the candidacy of Hoover, largely through the influence of Governor Hammill and Senator Brookhart and on the other hand endorsed the McNary-Haugen principle. This showed the divided opinion in that state. Even Representative J. L. Dickinson had announced he would support Hoover.[15]

The Corn Belt Committee held another meeting at Des Moines on August 31, in order to take a stand, one way or the other on the candidates. More than 50 representatives of farm organizations were present and after discussing things fully went on record for the Democratic platform for they seemed to think that it came nearer recognizing the McNary-Haugen principle. The last paragraph of the resolutions adopted on that date read: "We here rededicate ourselves to the unfinished task of completing the work this Committee was organized to do and in the progress of this fight we again emphasize the obvious fact that farmers should support their friends and oppose their enemies, regardless of party."[16]

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15. "Des Moines Okoh's Kansas City," in Wallaces' Farmer, Vol. LIII (July 27, 1928), pp. 1050 and 1056.
16. "Corn Belt Committee Stands Firm," in Wallaces' Farmer, Vol. LIII (September 7, 1928), p. 1199.

Just how much influence the farm organization leaders had in the west may be hard to state but both political parties gave considerable attention to the West and South, sections which had voted for the McNary-Haugen bill, in the campaign. Mr. Smith made two campaigns into the west, speaking at Omaha, Oklahoma City, Denver, Helena, St. Paul, Milwaukee, Louisville, Sedalia and Chicago. His speech at Omaha was devoted almost entirely to the farm question and he came as near to endorsing the McNary-Haugen principle as he dared and still hold the eastern states. Candidate Hoover also made several speeches in the west. He spoke on the farm issue at West Branch, Iowa, and at St. Louis. He made his real farm address at St. Louis, in which he more specifically outlined his program and promised to call a special session of the new congress to deal with farm legislation in case the short session of the 71st Congress failed to take care of that question.

The outcome of the election contest is well known. Hoover and Curtis were elected by a large majority over Smith and Robinson. Smith and Robinson carried only eight states and not one of them was in the corn belt or wheat belt. Whether the Corn Belt Committee saw what was coming is not known but they ceased their intensive activities during the month of October and very little was mentioned

about the campaign in the October numbers of magazines that had written so many columns favoring the McNary-Haugen principle.

After Hoover's election, one farm journal which had opposed his nomination so bitterly made the comment that Mr. Hoover's speech at St. Louis, when he outlined his farm relief plan, had a great deal to do with the farm vote which he received in the West. The attitude of this paper towards Mr. Hoover's program may be drawn from this statement: ".....there is a serious obligation on the part of individual farm folks and farm organizations to help Mr. Hoover carry out his program..... If he renders the farmers service by working out some scheme which will give to agriculture the same share of the national income, which it had before the war, no one will be more quick to accord him the credit he would deserve than we..... Equality for agriculture is the paramount task of Mr. Hoover's administration and the promises made in the campaign must be redeemed. The future welfare of both agriculture and business demand the earliest possible action."[17]

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17. H. A. Wallace, "Hoover's Great Responsibility," in Wallaces' Farmer, Vol. LIII (November 16, 1928), p. 1570, editorial.

Leave it to Hoover

Following the election the short session of the 70th Congress convened in December. Farm organizations had not allowed a single session of congress to pass since 1924 without endeavoring to secure the passage of a farm bill. Matters were different, though, in December, 1928. A great change had come over the farm leaders. They had fought bitterly to prevent the nomination and election of Herbert Hoover but after he had more specifically announced his program and had been elected by such a majority it was the conconsus of opinion that he should be given every opportunity to work out the program he advocated. This statement was frequently made: "Leave it to Hoover."

Another reason why no attempt was made to secure the passage of a farm bill was because the farm leaders had no confidence in President Coolidge. He had twice vetoed the McNary-Haugen bill and they had every reason to believe he would do likewise a third time. Also, the Republican party had rejected the McNary-Haugen principle and it was possible that since the election of Hoover congress would not pass a McNary-Haugen bill again.

Senator McNary, of Oregon, had another farm bill drafted, but it was minus the equalization fee, and he was

ready to introduce it in congress if there was a demand for it. Senator Capper was likewise eager that the short session should enact farm legislation so the farmers might benefit by it in 1929. But administration leaders favored postponing the question until Hoover should come into office.

The American Farm Bureau Federation in its annual convention at Chicago, in December went on record as favoring the postponement of action until after March 4, 1929. The Federation's actions were due in no small part to the opinion and judgment of Frank O. Lowden who made this statement: "When, therefore, the American people preferred Mr. Hoover to Governor Smith, they in effect issued a mandate to Mr. Hoover to proceed with the program which he advocated. All sincere friends of farm relief will now, in my opinion, co-operate whole-heartedly with him in giving effect to that program. In view of the fact that Mr. Hoover will have the responsibility of administering whatever legislation there may be enacted, the wise course, it seems to me at the present time, is to wait the incoming of the new administration."[18]

Mr. Hoover had announced during the campaign that he

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18. "Farm Bureau Waits for Special Session," in Wallaces' Farmer, Vol. LIII (December 21, 1928), pp. 1752-1761.

would call a special session after March 4, if the old congress did not pass a farm bill. As the short session drew to a close, Mr. Hoover announced that the 71st Congress would be called in special session about April 15, to deal with farm legislation.

THE HOOVER FARM RELIEF PROGRAM

Special Session to Redeem Party Pledges

The 70th Congress came to a close on March 4, 1929. The Coolidge administration which had been so opposed to the McNary-Haugen principle and with which it had had constantly to deal, also came to an end. It marked the beginning of the Hoover administration, which had facing it the unsettled farm problem.

The agricultural committees of both the House and Senate had been called to meet in Washington during the late part of March in order to draft a farm bill which might be ready for congress to consider when it assembled in special session on the 15th of April.

The short session of the old congress had not endeavored to enact a farm bill for both administration leaders and farm leaders had decided it would be better to leave that question for the new congress. The Republican party had

elected a Congress and a President on a platform which pledged itself to take up the farm question and make it the paramount issue until it was settled. President Hoover had called this new Congress to meet in special session to redeem party pledges; to enact a farm bill and to make certain revisions of the tariff to which agriculture was entitled.

The members of the agricultural committees of both houses truly expected President Hoover to lend them some assistance in drafting a farm bill. They hesitated to take the initiative of drawing up a bill and passing it through congress without the certainty of the bill meeting his approval. Very early President Hoover let it be known that it was congress and not the President that was to initiate legislation. His only directions were that a bill should be drafted which would redeem the party's platform pledge.

Since the election of Hoover and the defeat of the McNary-Haugen principle there was a question of just how active the Corn Belt Committee of Farm Organizations would be while the Hoover program was being formulated. The Corn Belt Committee had a meeting at Des Moines, (at the "old-stamping-grounds", as it might be called), to deter-

mine what course of action should be adopted.[1] The members of this committee knew that McNary-Haugenism was dead but hated to admit it. They knew a farm bill which included the "equalization fee" could not be enacted at this time. They fully expected a farm bill to be passed during the special session of congress and since the committee had been organized in 1925 to secure farm legislation, they decided that now was no time to stop.

The Committee was somewhat at a loss to know just what to do, but in the resolutions which were adopted, and which were not quite so militant as many resolutions of the past four years, it set up certain fundamental and necessary principles which should be kept in mind in framing effective surplus control legislation.

They were: "First, the effective handling of surpluses of major farm products; second, a method of apportioning the operating expenses, costs and losses (except those actually assumed by the government) among the producers of the commodity benefited; third, an automatic control of production in so far as the human element is an important factor; fourth, an adequate system of obtaining

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1. "Carrying on the Fight," in Wallaces' Farmer, Vol. LIV (March 29, 1929), p. 493.

supply and demand data; and fifth, a suitable and adequate revolving fund."[2]

In order that the committee might be represented at Washington when the farm bill was being drafted a committee was appointed to go to Washington and be on hand. This committee consisted of W. H. Settle, president of the Indiana Farm Bureau; C. E. Huff, national president of the Farmers' Union; and Frank Murphy, of Minnesota.[3]

The heads of the national farm organizations were at work at Washington while the congressional committees were drafting the farm bill. The heads of the American Farm Bureau Federation, the National Farmers' Union and the National Grange sent a letter to chairmen McNary and Haugen in regard to farm relief legislation.

"There are, in our opinion, four requisites which must be met by any legislation to permit it to qualify properly as farm relief. These requisites are:

"It should make the tariff effective on all farm crops so that surpluses will not be permitted to depress the domestic price to the world level of prices.

"It should be of such nature that the control and

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2. "Resolutions of Corn Belt Committee," in Wallaces' Farmer, Vol. LIV (March 29, 1929), p. 522.
3. "Carrying on the Fight," loc. cit., p. 493.

disposition of agricultural surpluses are adequately provided for.

"It should contain provisions, which are automatic in their operation, to check over-production.

"It should provide for farmer ownership and control of marketing organizations, with due consideration to co-operative associations already established."[4]

This statement was also included: "It is too evident to need more than mention that legislation, to be of benefit to agriculture, must be of such nature that it will increase the farmers' net income. The American farmer must have an American price for his farm products in order to maintain an American standard of living; any legislation which stops short of attempting to secure this certainly will not suffice."[5]

While the agricultural committees were holding their hearings the new national Chamber of Agricultural Co-operatives met in Washington. That group sent this note to the congressional committees: "We therefore, recommend to you, under any plan of surplus control, due consideration must be given to the means of controlling production."[6]

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4. "What the Farm Groups Ask," in Wallaces' Farmer, Vol. LIV (April 12, 1929), p. 582.
5. Ibid.
6. Kansas City Star, (March 28, 1929), p. 1, c 1.

These co-operative leaders also set forth three general principles for farm relief: adequate and effective import duties in the new tariff, so there will be no discrimination between agriculture and industry; opposition to new or enlarged reclamation and irrigation projects that would increase production; and a thorough revision of the federal rural credits machinery.[7]

In his statement to the house committee Mr. Thompson, president of the American Farm Bureau Federation said, "I still think the old McNary-Haugen equalization fee is the best plan up to this time. But if a better plan is worked out we will support it."[8] The leaders of the other farm organizations were invited to appear before the committees and present their suggestions. L. J. Tabor, master of the National Grange, urged the inclusion of the export debenture plan in the new farm bill.

The agricultural committees finally succeeded in getting the new Secretary of Agriculture, Arthur M. Hyde, of Missouri, to appear before the committees and present his ideas of what the contents of the farm bill should be. They hoped Mr. Hyde would be in a position to speak for

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7. Ibid.
8. Ibid., (March 26, 1929), p. 1, c 1.

the administration although he maintained that he could not. However, it was known that he had been in conference with President Hoover and it was unlikely that he would make any statements which the executive would not approve. The committees finally finished their hearings and drafted their separate bills just before the special session met. In conferences with the President it was revealed that he approved the House committee bill as fulfilling the platform promise but disapproved of the export debenture plan which the Senate committee bill included.

In his message to the special session, President Hoover emphasized the fact that it had been called especially to enact a farm bill and make slight revisions in the agriculture schedules of the tariff in order to redeem platform pledges. He also emphasized that all the farmer's troubles could not be cured by legislation but that sound legislation such as that mentioned in the platform would be of great aid and should be speedily enacted.

At Last--A Farm Relief Bill

The session was but a few days old when a rift appeared between the President and the Senate committee over the export debenture plan to which the President objected because the platform had not mentioned it. In spite of his

objections the Senate committee reported its bill to the Senate, including the debenture feature by a vote of 8 to 6. Legislative matters moved along quite swiftly until the latter part of May. In that interval the House passed its farm bill by a vote of 366 to 35.[9]

Even before this, President Hoover had a "run-in" with the Senate over the debenture plan. One definition of this plan was: Assuming the existence of a surplus of wheat which must be sent abroad, the exporter of wheat, whoever it was, would receive from the United States Treasury a debenture certificate stating the fact and the quantity of the exportation. This certificate would be known as an export debenture. Its value would be determined by multiplying the quantity of the product exported by the debenture rate (one-half the tariff duty on wheat in this instance or 2 cents a pound on cotton). This certificate is receivable at the United States Treasury in payment of import duties. This would mean that the holder of the export debenture certificate would have to sell it, probably at a discount, to an importer who might use it in payment of import duties on other goods. It amounted to the payment of a bonus from the United States Treasury on exported

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9. Ibid., (April 26, 1929), p. 1, c 6.

agricultural products.

In a long letter which President Hoover addressed to Senator McNary he pointed out ten objections to the debenture plan. It amounted to a government subsidy; that public dealers and speculators would profit by it; that it would stimulate production; that it would discourage diversification; that, although the board was to use it at its discretion, it would be urged to utilize it fully; that the farmer would not benefit by it; that a revision of the import tariffs would be necessary; that foreign countries would retaliate with high import tariffs; that in some instances, especially as to animal and dairy products, the foreign producer would benefit; that a substantial increase in taxes would be necessary to withstand the burden on the treasury.[10]

In spite of the President's objections the senate voted to retain the debenture feature in its bill by a vote of 47 to 44[11] and a few days later passed its own farm bill by a vote of 54 to 33.[12]

The conference committee then spent three weeks endeavoring to reconcile the differences between the two farm bills. The House members were insistent that the de-

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10. National Farm Journal, Vol. LIII (June, 1929), p. 10.
11. Kansas City Star, (May 8, 1929), p. 1, c 1.
12. Ibid., (May 15, 1929), p. 1, c 6.

benture plan be dropped from the bill. The Senate members, although, opposed to the plan, wanted the House to take a record vote on the plan, and if it was defeated, they thought that the Senate would agree to leave it out of the bill. The House members contended it was a revenue measure and on constitutional grounds should originate in the lower house. Finally the conference committee voted to strike out the debenture feature, made some other revisions and reported its work to the two houses. The House adopted the report without a record vote but the Senate voted it down 46 to 43.[13] It looked as though a farm bill would not be passed. Administration leaders then induced the leaders of the House to take a record vote on the debenture plan. This was done and the House voted against it 250 to 113.[14] This action seemed to satisfy the Senate leaders and they voted to accept the conference committee's report 74 to 8. The next day, June 15, President Hoover, amid the clicking of cameras and with much show of ceremony, signed the "Agricultural Marketing Act"--a "farm relief" bill, the bone of contention in congress for over five years.

What was the attitude of the farm organization leaders

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13. Ibid., (June 12, 1929), p. 1, c 1.
14. Ibid., (June 13, 1929), p. 1, c 1.

toward the Hoover bill? In brief, they were disappointed with it--they claimed it was not what agriculture wanted and needed.

This editorial opinion was written about the bill: "As the farm organizations have carefully pointed out, the bill is President Hoover's and not theirs. No farm organization of importance supported it. The Grange insisted on the debenture plan; the Farm Bureau and the Farmers' Union on the equalization fee. The big co-operatives complained that the co-operative features of the bill exposed them to great dangers.

"Yet, as a whole, the farm organizations refused to fight the passage of the measure, though they did work for a number of minor amendments, and with the help of the Senate, secured some of them. The farm organizations took the view that the election was a mandate to President Hoover to work out the farm problem as he desired, accordingly, they have held their hands off and have given him his chance.

"From the farm point of view, of course, the bill has grave defects. It makes no provision for handling the exportable surplus. It permits control by a board of men whose chief interest may be business rather than agriculture.

"The more hopeful farmers will take comfort from the

fact that the powers of the board and the President are great enough so that a great many desirable actions, unspecified in the bill, are possible.

"All who have the real interests of agriculture at heart will, of course, hope that the Hoover plan may work. It is not the bill the farmers wanted, but they are not captious about methods, what they want is results..... If the Hoover plan fails, then, of course, it will be time to consider other programs. Perhaps there may be less opposition then to letting the farmers have the kind of a bill they want."[15]

The Corn Belt Committee met at Des Moines, June 11, even before the bill had been passed and signed. Frank Murphy said it was worse than the old Crisp, Aswell, Tincher and Foss bills. One representative of the Farmers' Union said that the new bill was "a fur trimmed, motor driven manure spreader for the farmer." The spirit of this group is best shown from resolutions adopted that day.

"We, the members of the Corn Belt Committee, which speaks for more than 1,000,000 organized farmers, desire to say that in our opinion, the so-called house farm re-

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15. Wallaces' Farmer, Vol. LIV (June 21, 1929), p. 808, editorial.

lief bill, as amended in conference, does not manifest the slightest effort to make the tariff effective in behalf of our surplus farm commodities, and without this the pledge of the Republican party to assure equality for agriculture, in the last campaign, becomes utterly farcial. However, under all circumstances, we have no desire to interfere in any way with the passage or operation of this measure.

"We here and now reiterate the former position of this committee, that the equalization fee principle is the only one that will assure genuine equality to agriculture, make the tariff effective, and place the loss on the various farm surpluses where it belongs, and where it will act as a deterrent against over-production....."[16]

Prominent members of this committee who helped draft these resolutions were Frank W. Murphy, chairman; Charles E. Hearst, president of the Iowa Farm Bureau; Milo Reno, president of the Iowa Farmers' Union; H. G. Keeney, president of the Nebraska Farmers' Union; and Ralph Snyder, president of the Kansas Farm Bureau.[17]

The essential features of the Hoover farm bill as out-

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16. "Corn Belt Committee Sees Little Gain to Farm From Hoover Plan," in Wallaces' Farmer, Vol. LIV (June 21, 1929), p. 900.
17. Ibid., p. 920.

lined by Senator Capper are:

"The declaration of policy is all-important. It declares one of the functions of the Government is to "promote the effective merchandising of agricultural commodities in inter-state and foreign commerce, so that the industry of agriculture will be placed on a basis of economic equality with other industries.

The measure proposes to establish this economic equality in four ways--

1. By curbing speculation.

2. By preventing inefficient and wasteful methods of distribution.

3. By encouraging the organization of producers into effective associations or corporations under their own control for greater unity of effort in marketing; and by promoting the establishment and financing of a farm-marketing system of producer-owned and producer-controlled co-operative associations and other agencies.

4. By aiding in preventing and in controlling surpluses in any agricultural commodity, thru orderly production and distribution, so as to maintain advantageous domestic markets and prevent such surpluses from causing undue fluctuations or depressions in prices for the commodity.

To carry out this policy, farming is to be made to

pay so far as possible thru Government aid by using those agencies:

1. A Federal Farm Board, with broad supervisory and regulatory powers, but with no power to initiate action.

2. Advisory commodity committees, with no regulatory powers, but which must initiate the move to place the machinery in operation to extend Government aid to the commodity.

3. Stabilizing corporations, to act as marketing agencies for co-operatives, and as central sales agencies for the commodity.

The Federal Farm Board will consist of the Secretary of Agriculture and eight members appointed by the President.

The advisory commodity committee for each commodity designated by the board will consist of seven members named by the co-operatives handling that commodity. At least two of the seven shall be handlers or processors.

When the commodity council decides action is necessary it will ask the board to recognize a selling agency which the co-operatives must incorporate. Membership in this stabilizing corporation is limited to co-operative marketing associations of that commodity.

The advisory committee also will advise with and co-operate with the Federal Farm Board generally. There also

is provision for clearing house associations, in which all directly interested in the production or marketing of a commodity may be represented. These clearing houses are really to talk things over, make suggestions and assist in solving problems that arise.

The 500-million-dollar revolving fund is placed at the disposal of the farm board.

The revolving fund is available for only one purpose--to be loaned.

The board can lend money to the stabilizing corporations.

It can lend money to co-operative marketing associations. Loans may be made to co-operatives--

1. To assist in marketing farm products, including surpluses.

2. To assist in the construction or acquisition--by purchase or lease--of marketing facilities, including facilities for preparing, handling, storing, processing, or merchandising.

3. To assist in forming clearing house associations.

4. To assist in educational campaigns and membership drives.

5. To permit co-operative associations to advance to their members a greater share of the market price than is

practicable with other credit facilities.

There are several limitations on these loans. One limits the loan to 80 per cent of the value of the facility to be bought or leased.

The act checks it to the farm co-operatives to make the stabilizing corporations operate successfully. Neither the board nor the Government assumes any responsibility for their operations. The Government lends them money, but does not take stock in them.

The stabilizing corporations are to be owned and operated by the co-operatives. These will own the stock, name their own managers, and run the business. Loans from the Government for financing surplus operations are a lien against the surplus reserves only. Hence if a wheat corporation handles a surplus crop at a loss, that loss falls on the revolving fund. If the loss fell on the marketing corporation, then the co-operatives holding stock in this stabilizing corporation would have to take the loss--and one bad year might wipe them out.

The details of organizing the co-operatives, the stabilizing corporations, the clearing houses, and of the rules under which the stabilizing corporations will operate,

are left to the farm board."[18]

The Federal Farm Board

Soon after he had signed the farm bill, President Hoover began the task of appointing the Federal Farm Board. He was deluged with the names of many men who were prominent in the agricultural industry.

Mr. Hoover announced that he expected to take plenty of time in the selection of the Farm Board. It was his desire to appoint men who were experienced in co-operative marketing, who would be representatives of as many phases of agriculture as possible, as well as representative of the entire country and at the same time non-partisan. Mr. Hoover wanted big men for this Federal Farm Board. The salary of a member was fixed at $12,000 a year and Mr. Hoover really wanted $100,000 a year men if he could get them.

In the selection of the members Mr. Hoover wanted each member to have the unanimous support of the co-operatives in that phase of agriculture.

The members of the Federal Farm Board are: Alexander

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18. Arthur Capper, "The New Farm-Relief Bill," in Kansas Farmer, Vol. LXVII (June 22, 1929), p. 5.

Legge, of Chicago, president of the International Harvester Company, representing business as a whole, chairman; James C. Stone, of Kentucky, president of the Burley Tobacco Growers' Co-operative Association, representing that industry, vice-chairman; Carl Williams, of Oklahoma, editor of the Oklahoma-Farmer and ex-president of the American Cotton Growers' Exchange, representing the cotton growers; Charles C. Teague, of California, president of the California Fruit Growers' Exchange, representing the fruit and vegetable industry; Cyrus B. Denman, of Missouri, president of the National Livestock Producers' Association, representing the livestock phase of agriculture; William F. Schilling, of Minnesota, president of the Twin City Milk Producers' Association, representing the dairy industry; Charles B. Hall, of New York, representing the eastern agricultural interests and one member representing the wheat growers, still to be appointed. Secretary Arthur M. Hyde, is an ex-officio member of the board.

Mr. Hoover's selection of the Federal Farm Board has received most favorable comment. Even some of the opponents of the farm bill have commented very favorably on the appointments.

President Hoover called the Federal Farm Board to meet July 15. In addressing the new board the President

said: "I have no extended statement to make to the Federal Farm Board as to its duties. The wide authority and the splendid resources placed at your disposal are well known... Your fundamental purpose must be to determine the facts and to find solution to a multitude of agricultural problems.....

"I know there is not a thinking farmer who does not realize that all this can not be accomplished by a magic wand or an over-night action. Real institutions are not built that way. If we are to succeed it will be by strengthening the foundations and the initiative which we already have in farm organizations, and building steadily upon them with the constant thought that we are building not for the present only, but for the next year and the next decade."[19]

After caring for a few detailed matters of organization, the Federal Farm Board went into executive session and the next day issued a statement of general policy. It was clear that the board intended to carry out President Hoover's ideas and program. Their statement bristled with words "organize" and "co-operate," the two key words of

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19. Kansas City Star, (July 16, 1929), p. 1, c 8.

the Hoover plan for farm relief. The board warned the nation that it expected to do its work slowly and deliberately and that all demands for "quick relief" would be to no avail.

The Federal Farm Board's statement, in part, was: "The board believes that its work, as directed by law and by opportunity, can best be done by working with and through established groups of farmers who are organized or who may be organized on a basis of specific farm commodities.

"The board further believes that a thorough organization of agriculture for marketing purposes will put producers in a much better position than they now are to control the appearance of surpluses at their source, and that this angle of approach to the so-called "surplus problem" is worth serious consideration.

"The board intends to develop direct contacts with the co-operative marketing groups of America at the earliest possible moment....."[20]

Conservative farmers and thinking people will give the Federal Farm Board time to work out its policies. Its first

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20. Ibid., (July 17, 1929), p. 10, c 1.

problem will probably be given to the wheat situation, there being a big carry-over from the 1928 crop year. It is a significant feature that during the week when the Federal Farm Board was in session the prices for future deliveries of wheat soared 20 cents a bushel. How much of that could be attributed to the board's influence could hardly be determined. However, as chairman Alexander Legge said, "We got a lucky break."

CONCLUSIONS

It was the purpose of this thesis to relate the demands of the Mid-West farm organizations for national legislative relief from 1918 to 1929. The writer had endeavored to state these demands from time to time and also the extent to which they were satisfied.

Their demands for legislative relief to 1923 were quite well satisfied through the enactment of the Co-operative Marketing Act and the Intermediate Credits Act. These acts, however, were not all the favorable legislation which agriculture received during that period.

From 1923 to 1928 the chief demand of the farm organizations was for some sort of a law which would create a system to take care of the annual surpluses of farm commodities, in order that those surpluses would not lower

the prices which the farmers received. The bill which they endeavored to have congress enact was the McNary-Haugen bill. They succeeded in having congress pass it twice, in 1927 and 1928, but only to have it meet with executive disapproval.

With the election of Mr. Hoover, the Republican party's candidate for President, on a platform which promised farm relief along lines other than those they had advocated, the farm organizations stood back, so to speak, and watched the 71st Congress pass and President Hoover sign a farm relief bill in 1929.

The farm organizations claim very little credit for this farm bill. They maintain that it is Hoover's plan and not theirs. However, it is expected that they will give the Hoover plan a thorough trial before seeking further legislation.

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